

August 05, 2020

To,
BSE Limited
Listing Department
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai - 400 001

Scrip Code - 504008
ISIN - INE078A01026

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051

Symbol - EMCO
ISIN - INE078A01026

Subject: Outcome of the Meeting of Resolution Professional held on Wednesday, 05th August 2020 at 02.30 P.M. IST.

Dear Sir / Madam,

This is to inform you, pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Resolution Professional ('RP') on 05th August 2020 has considered and approved the:

1. Unaudited Financial Results for the quarter ended 30th June 2019;
2. Unaudited Financial Results for the quarter and half year ended 30th September 2019; and
3. Unaudited Financial Results for the quarter and nine months ended December 31, 2019

The Unaudited Financial Results for the quarter ended 30th June 2019, Unaudited Financial Results for the quarter and half year ended 30th September 2019 and Unaudited Financial Results for the quarter and nine months ended December 31, 2019 is enclosed herewith.

The Statement of Standalone Unaudited Financial Results for the quarter ended June 30 2019 and period ended September 30, 2019 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the Accounts Department and supervised by Mr. Ganesh Tawari (CFO) of EMCO Limited). It is pertinent to note that the Resolution Professional made all practicable and reasonable efforts from time to time to facilitate information/data from the officials of the Company in relation to the preparation of the financial results of the company and also the information required by the auditors for the purpose of carrying out the review of the financial results of the company. It is to be noted that the results for quarter ended 30th June 2019 and 30th September 2019 as well as information provided to the auditors for the purpose of review of the same, pertain to the period prior to the appointment of the Resolution Professional and therefore, while facilitating the collection and dissemination of the said information, the Resolution Professional has relied upon and assumed the accuracy/veracity of the data/information

EMCO LIMITED
CIN: L31102MH1964PLC013011

Transformer Division
Power Transformer SBU
Plot No. F-5, Road No. 28,
Wagle Industrial Estate, Thane - 400 604
Maharashtra, India

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N-104, MIDC Area, Mehrun,
Jalgaon - 425 003
Maharashtra, India

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provided by the officials of the company, suspended directors, and the records of the company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and present a true and fair view of the position of the company as of the dates and for the period indicated therein. The RP has not personally verified the information provided by the officials of the company and has placed confidence in the data/information provided to him for previous periods. Accordingly, the Resolution Professional shall be absolved from the accuracy, veracity and sufficiency or completeness of such information. Readers and users of these statements/results are advised to do their due diligence before arriving at any conclusions. The Resolution Professional has signed the Financials results to facilitate the CIRP Process and facilitate the statutory requirements without any liability of the same.

The Statement of Standalone Unaudited Financial Results for the period ended December 31 2019 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the Accounts Department and supervised by Mr. Ganesh Tawari (CFO) of EMCO Limited). It is pertinent to note that the Resolution Professional made all practicable and reasonable efforts from time to time to facilitate information/data from the officials of the Company in relation to the preparation of the results of the company and also the information required by the auditors for the purpose of carrying out the review of the financial results of the company. It is to be noted that the results up to the period of 30th September 2019 as well as information provided to the auditors for the purpose of review of the same, pertain majorly to the period prior to the appointment of the Resolution Professional and therefore, while facilitating the collection and dissemination of the said information, the Resolution Professional has relied upon and assumed the accuracy/veracity of the data/information provided by the officials of the company, suspended directors, and the records of the company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and present a true and fair view of the position of the company as of the dates and for the period indicated therein. The RP has not personally verified the information provided by the officials of the company and has placed confidence in the data/information provided to him of the previous periods. Accordingly, the Resolution Professional shall be absolved from the accuracy, veracity and sufficiency or completeness of such information. Readers and users of these statements/results are advised to do their due diligence before arriving at any conclusions. The Resolution Professional has signed the Financials results to facilitate the CIRP Process and facilitate the statutory requirements without any liability of the same.

The Company has not prepared and presented Consolidated Ind AS Statement for the period ended June 30, 2019, September 30, 2019 and December 31, 2019 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries.

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The meeting was commenced at 02.30 p.m. and concluded at 02.55 p.m.

You are requested to take the same on record.

Thank You,
Yours Sincerely,

SUNDARESH BHAT

Resolution Professional in the matter of CIRP of EMCO Limited

Communications Email Address: rpemco@bdo.in; sundareshbhat@bdo.in

IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162

IBBI Registered Email: sundareshbhat@bdo.in

IBBI Registered Address and Insolvency Profesional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

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Tel- 22 4040 4500, Email - emco.corporate@emco.co.in

Head Office : Plot No. F-5, Road No. 28, Wagle Industrial Estate, Thane (W) - 400 604, Maharashtra, India.

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS

FOR THE QUARTER ENDED 30 JUNE 2019

CIN:L31102MH1964PLC013011

(Rs. in Lakhs)

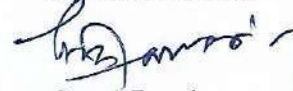
Sr. No.	PARTICULARS	STANDALONE			
		Quarter ended		Year ended	
		30-Jun-2019	31-Mar-2019	30-Jun-2018	31-Mar-2019
		Unaudited	Unaudited	Unaudited	Audited
1	Income				
	(a) Gross Sales/ Income from Operations	1,460.33	4,189.91	9,364.97	21,300.75
	(b) Other Income	-	-	0.05	5.77
	Total Income (a + b)	1,460.33	4,189.91	9,365.02	21,306.52
2	Expenses				
	(a) Cost of materials consumed	1,032.46	6,626.38	5,619.90	20,489.83
	(b) Purchases of Stock in Trade	-	-	-	-
	(c) Changes in inventories of finished goods and work-in-progress	16.12	1,682.17	1,948.24	3,283.97
	(d) Excise duty recovered	-	-	-	-
	(e) Employee benefits expense	632.60	641.08	771.25	2,776.84
	(f) Finance costs (Net)	5,883.61	5,614.03	2,989.81	15,695.78
	(g) Depreciation and amortisation expense	334.94	394.88	410.16	1,621.43
	(h) Other expenses	6,768.51	23,501.81	514.47	25,685.52
	Total Expenses (a) to (h)	14,668.24	38,460.35	12,253.83	69,553.37
3	Profit / (Loss) before exceptional item and tax(1-2)	(13,207.91)	(34,270.44)	(2,888.81)	(48,246.85)
4	Exceptional Items	1,709.10	-	-	-
5	Profit / (Loss) before tax	(14,917.01)	(34,270.44)	(2,888.81)	(48,246.85)
6	Tax Expenses	26,967.43	(10,152.78)	(960.06)	(14,333.20)
7	Mat Credit Expenses	501.08	-	-	-
8	Net Profit / (Loss) for the period	(42,385.52)	(24,117.66)	(1,928.75)	(33,913.65)
9	Other Comprehensive Income (OCI) (Net of tax)	-	-	-	2.74
10	Total Comprehensive Income (TCI)	(42,385.52)	(24,117.66)	(1,928.75)	(33,910.91)
11	Paid-up Equity Share Capital (Face value of ₹2 each)	1,358.19	1,358.19	1,358.19	1,358.19
12	Other Equity				(7,309.77)
13	Earnings Per Share (EPS)*				
	1. Basic EPS after exceptional items (₹/share)	(62.41)	(35.51)	(2.83)	(49.94)
	2. Diluted EPS after exceptional items (₹/share)	(62.41)	(35.51)	(2.83)	(49.94)
	(* Not Annualized for the Quarter)				

For JHS Associates LLP
Chartered Accountants
Firm Registration No: 133288W / W100099


Tashim Tankiwala
Partner
Membership No: 108263
Place: **MUMBAI**
Date: **05/08/2020**

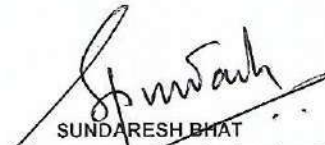


For EMCO LIMITED



Ganesh Tawari
Chief Financial Officer
& Company Secretary
ICSI. M.No. A12896
Place : Mumbai
Date : 05/08/2020





SUNDARESH BHAT

Resolution Professional of EMCO Limited (in CIRP)

Communications Email Address: RPEMCO@bdo.in

Website: www.emco.co.in

IBBI Registration no. IBBI/PA-001/IP-P00077/2017-18/10162

IBBI Registered Email: sundaresbhat@bdo.in

IBBI Registered Address: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Insolvency Professional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Place : Mumbai

Date : 05/08/2020

EMCO LIMITED

NOTES TO THE STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2019

1. The unaudited standalone financial results have been prepared, reviewed and approved by the CFO and thereafter taken on record by the Insolvency Resolution Professional at their meetings held on 05 August 2020. The Statutory Auditors of the Company have carried out a Limited Review of the results for the quarter ended 30 June 2019.
2. The Honourable National Company Law Tribunal, Mumbai ('NCLT') on 22 July 2019 admitted the Corporate Insolvency Resolution Process ('CIRP') application filed against the Company and appointed Mr. Kedarram Ramratan Laddha as the Interim Resolution Professional ('IRP') in terms of the Insolvency and Bankruptcy Code, 2016 ('the Code'). Further, the committee of creditors constituted during the CIRP in its first meeting held on 16 September 2019, has appointed Mr. Sundaresh Bhat as the RP to manage the affairs of the Company. In view, of the pendency of the CIRP, the power and responsibilities of the Board of Directors shall vest with the RP under the provision of the Code.
3. The Company adopted Indian Accounting Standards ('Ind AS') from 01 April 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34. "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and other accounting principles generally accepted in India.
4. The Company is in the business of manufacturing Transformers and execution of projects related to power transmission and as such there are no separate reportable operating segments as defined by Ind AS 108- "Operating Segments. For management purposes the Company has only one reportable segment as follows: **Transmission and Distribution Segment within Power Sector.**
5. On account of loans being reclassified as Non-Performing Assets (NPA) by all lenders, interest has been provided for in the books of accounts at the rates as used for the previous year 31 March 2019 plus the penal interest as applicable for each facility availed by the company.
6. In view of uncertain nature of projects, complex situations, performance issues, deterioration in client relationship, delays in contracts execution, probability of liquidated damages likely to devolve, unsettled or unaccepted claims, BG invocations, arbitrations, pending legal disputes, non-availability of balance confirmation from customers and vendors, penalties levied by various governmental authorities, outcome of the CIRP. etc., there is a high probability of substantial write down in the amount's receivables and other current assets in the subsequent quarters. The management, will assess the situation at the close of each quarter and will give impact of any further impairment, as may be required.
7. Effective 01 April 2019 the company has adopted Ind AS 116 'Leases' under the modified simplified approach without adjustment of comparatives. The standard is applied to contracts that remain as at 01 April 2019. The application of the Standard did not have any material impact on the profit for the quarter ended 30 June 2019.
8. The above Statement of Unaudited Standalone Financial Results for the quarter ended June 30 2019 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data



Signature



provided by the Accounts Department and supervised by Mr. Ganesh Tawari (CFO) of EMCO Limited). It is pertinent to note that the Resolution Professional made all practicable and reasonable efforts from time to time to facilitate information/data from the officials of the Company in relation to the preparation of the financial results of the company and also the information required by the auditors for the purpose of carrying out the review of the financial results of the company. It is to be noted that the results for quarter ended 30th June 2019 as well as information provided to the auditors for the purpose of review of the same, pertain to the period prior to the appointment of the Resolution Professional and therefore, while facilitating the collection and dissemination of the said information, the Resolution Professional has relied upon and assumed the accuracy/veracity of the data/information provided by the officials of the company, suspended directors, and the records of the company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and present a true and fair view of the position of the company as of the dates and for the period indicated therein. The RP has not personally verified the information provided by the officials of the company and has placed confidence in the data/information provided to him for previous periods. Accordingly, the Resolution Professional shall be absolved from the accuracy, veracity and sufficiency or completeness of such information. Readers and users of these statements/results are advised to do their due diligence before arriving at any conclusions. The Resolution Professional has signed the Financials results to facilitate the CIRP Process and facilitate the statutory requirements without any liability of the same.

9. In respect of Company's Bank balances & Borrowings from banks and financial institutions balance confirmation as at 30 June 2019 has been received from all the banks except for some Dormant/inactive accounts.
10. As a part of CIRP, financial creditors, operational creditors, workmen and employees of the company were called upon to submit their claims to the RP in terms of the applicable provisions of Insolvency and Bankruptcy Code, 2016. Claims submitted by financial creditors, operational creditors, workmen and employees have been verified and admitted by the RP. No accounting impact in the books of account has been made in respect of the excess, short or non-receipt of claims for the financial creditors, operational creditors, workmen and employees
11. **Initiation of Corporate Insolvency Resolution Process (CIRP):**

Jet Road lines (India) Pvt. Ltd., in its capacity as the operational creditor of EMCO Limited ('EMCOL' or 'Corporate Debtor'), filed an application under Section 9 of the Insolvency and Bankruptcy Code ('IBC'), 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before the Hon'ble Adjudicating Authority, i.e. National Company Law Tribunal, at Mumbai ('Hon'ble NCLT Mumbai') for initiation of Corporate Insolvency Resolution Process ('CIRP') for the Corporate Debtor under the provisions of the Insolvency and Bankruptcy Code 2016. The said Application of Jet Roadlines has since been admitted by the Hon'ble NCLT Mumbai vide its order dated 22 July 2019 ("Order") and the CIRP has commenced from the date of the order.

The Hon'ble NCLT Mumbai vide its order dated 22 July 2019 ('CIRP Commencement Order') *inter alia* appointed, Mr. Kedarram Ramratan Laddha having registration number IBBI/IPA-001/TPP00586/2017-18/11115 as the Interim Resolution Professional ("IRP") of the Corporate Debtor to conduct the CIRP and to exercise all powers and subject and carry out all duties as envisaged under the provisions of the IBC.



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The Committee of Creditors constituted by the IRP, at its first meeting convened on 16 September 2019, resolved with requisite majority to replace the IRP with Mr. Sundaresh Bhat, Insolvency Professional having IBBI registration no. IBBI/IPA-001 /IP-N00077/2017-18/10162 as the Resolution Professional of EMCOL. In accordance with Section 22(b) of IBC, an application for confirmation of Mr. Sundaresh Bhat as the RP of EMCOL was filed with the Hon'ble NCLT Mumbai. The Hon'ble NCLT Mumbai vide its order dated 14 October 2019 (written order made available on 11 November 2019) ('RP Confirmation Order'), confirmed the appointment of Mr. Sundaresh Bhat as the Resolution Professional of EMCOL.

12. Consolidation

The Company has not prepared and presented Consolidated Ind AS Statement for the quarter ended 30 June 2019 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries.

13. Assets

The management is in the processes of testing all its assets like, Property Plant & Equipment, Intangibles, Capital Work in Progress, Capital Advances, Investments, Loans and Advances, Indirect Tax receivable and all the other assets like Security Deposit etc. for impairment. Provision for impairment, if any, for any item will be created in the subsequent quarters.

14. Expected credit loss (ECL) for trade receivables:

The management has assessed all its trade receivables on quantitative parameters like age of the receivables, past default trends, etc. and on the qualitative parameters like the financial health of the customer, sectoral performance, etc.

Trade receivable are outstanding and standing at INR 32,043.55 Lakhs. The management is in the process of assessing the recoverability of these advances and necessary impact of such assessment will be provided for in the subsequent quarters.

15. Deferred tax assets:

Deferred tax assets amounting to INR 26,967.43 Lakhs is written off during the quarter in the absence of reasonable certainty that future taxable profits will be available against which this asset can be used.

16. MAT credit entitlement:

MAT credit entitlement of INR 501.08 Lakhs is written off during the quarter as it is not probable that taxable profit will be available during the specified period against which the credit can be utilized.

17. Write off of unbilled revenue (contract asset):

Basis its assessment of unbilled revenue and lack of certainty on collectability of this amount, unbilled revenue to the extent of INR 5,419.85 Lakhs is written off by the management.

18. Solar Plant Sale

For the purpose of setting up the Solar Power plant, Company obtained ECB facility of USD 6.50 million from Axis Bank in 2011. The terms and conditions were reviewed/modified/renewed from time to time. Axis Bank had created charge on assets of Project (Power Plant), whose yearly revenue was in the range of INR 6-8 Crs, to secure due repayment of outstanding dues. Charge was created on all movable fixed assets installed and lying at the power plant and immovable property (Land).



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Company committed default in payment of amount and as a result Company was classified as Non- Performing Asset (NPA) in the books of Bank from April 2018. Owing to continuous defaults, bank initiated legal action for recovery of its dues against Company and issued demand notice dated 15 January 2019 under SARFAESI Act calling upon the borrower to repay outstanding amount of INR 1,462.45 Lakhs as on 31st December 2018 within a period of 60 days.

Company could not repay the amount within 60 days of notice and hence Bank proceeded with the provisions of the act and put the secured assets for sale through E-Auction Notice dated 28 March 2019 at Reserve price of INR 1,710.00 Lakhs. It was based on the valuation report submitted by BKC Advisors Pvt Ltd. dated 22 March 2019 which gave the Fair Value of the entire Solar Assets at INR 1,962.17 Lakhs, Realisable value at INR 1,710.14 Lakhs and Distress Value at 1,534.11 Lakhs. E-Auction date of assets was kept at 30 April 2019. E-Auction was conducted on the said date and assets were successfully sold at price of INR 1,715.00 Lakhs as against the book value of INR 3,424.10 Lakhs (Net of Creditors).

Since all assets and liabilities has been transferred in relation to Solar Power Plant, the sale is treated as Slump Sale as per provisions of Income Tax Act, 1961.

As per Ind AS 105, 'Non-current assets held for sale and discontinued operations'

A discontinued operation is a component of an entity that can be distinguished operationally and financially for financial reporting purposes from the rest of the entity and:

- *Represents a separate major line of business or geographical area of operation*
- *Is part of a single coordinated plan to dispose of a separate major line of business or major geographical area of operation*
- *Is a subsidiary acquired exclusively with a view for resale*

Though the plant is a component which can be distinguished separately for operation and financial purposes, the Solar Power Plant cannot be classified as major line of business because it is not a substantial component of the Profit and Loss statement of the Company. This can be further substantiated as the turnover from the Solar Power Plant for the year March 31, 2019 is INR 684.01 Lakhs which is less than 10% of the total turnover (INR 21,300.76 Lakhs) of the Company.

Since Solar Power Plant is not considered as discontinuing operation, disclosures pertaining to Ind AS 105 are not required.

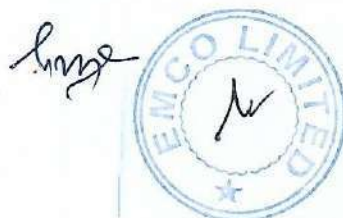
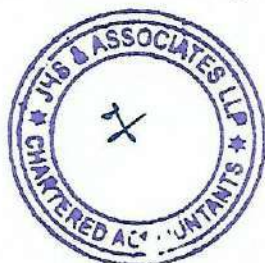
The loss on sale of the Asset INR 1709.10 Lakhs has been shown as an exceptional item on the face of Profit and Loss statement.

19. Employee Provisions:

Employee/workmen dues recorded in the books of accounts are based on the company policy and after considering their attendance and leave records. The accuracy of the amount has not been authenticated and thus it is to be noted that the amount provided might be restated while finalizing books of accounts as on 31 March 2020.

20. Inventory

Inventory amounting to INR 10,384.21 Lakhs is stated at book value. The management is in the process of assessing realisable value of stock and necessary impact of such assessment will be provided for at the year-end i.e. March 31, 2020.



21. Gratuity and Leave Encashment

Provisions for post-employment benefits – Gratuity, leave encashment made in the books of account are not in line with Ind AS 19.

Provisions for employee benefits such as Leave Encashment and Gratuity has been provided as per policy of the company i.e. on a proportionate basis of the previous year provision adjusted for movement in head count and increments in salary and the actuarial valuation will be done at the year-end i.e. 31 March 2020.

The management intends to conduct actuarial valuation for the Gratuity and Leave Encashment as on 31 March 2020 in line with the IND AS requirements.

22. Contract Liabilities

Contract liabilities amounting to INR 89.16 Lakhs pertains to the provision created in the earlier years for certain ongoing sub-station projects. Management after assessing has decided to write-back the same.

23. Bank Guarantees

Advance Bank Guarantee invoked during the quarter is INR 766.11 Lakhs. Out of this, INR 76.99 Lakhs is charged to Statement of Profit and Loss and balance amount of INR 632.79 Lakhs has been adjusted against the customer advances.

Performance Bank Guarantee invoked during the quarter is INR 1,387.22 Lakhs. Out of this INR 901.02 Lakhs is charged to statement of profit and loss and balance amount of INR 486.20 Lakhs is retained as receivable based on management assessment of these amounts.

24. Write off of Trade Receivable pertaining to Bank Guarantee

Basis the assessment of management and lack of certainty on collectability of trade receivables pertaining to Bank guarantee invoked of INR 119.63 Lakhs have been written off during the quarter.

25. Employee Stock Option Plan (ESOP):

The Company had granted stock options under the following employee stock option scheme: 30,00,000 Equity Shares are reserved for allotment of equity shares under Employee Stock Option Scheme 2011. During the year Nil Equity Shares have been issued and allotted to the eligible employees against exercise of Options under ESOS 2011.

30,00,000 Equity Shares are reserved for allotment of equity shares under Employee Stock Option Scheme 2015. During the year NIL Equity Shares have been issued and allotted to the eligible employees against exercise of Options under ESOS 2015.

Each option when exercised would be converted into one fully paid-up equity share of ₹ 2 each of the Company. The options granted under ESOP 2011 and options granted under the ESOP 2015 scheme carry no rights to dividends and no voting rights till the date of exercise.

As of the end of the Quarter there is no information on the outstanding options remaining to be vested, vested but not exercised and vested and lapsed. The stock option of INR 55.97 Lakhs will be evaluated at the year-end i.e. 31 March 2020.

26. Going Concern:

All the manufacturing activities of all the plants of the Company have been discontinued due to Non availability of funds. Also, since there has been no improvement in the position of the funds it casts material uncertainty about the functionality of all the plants soon.



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The Company has accumulated losses of INR 85,481.90 Lakhs and the Company has registered total comprehensive loss of INR 42,385.52 Lakhs during the quarter ended 30 June 2019 and of INR 33,910.91 Lakhs for the previous year (FY 2018-19) (including provision for finance cost and depreciation).

All the above-mentioned conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the Statement of the Company have been prepared on a going concern basis on the below mentioned grounds

- a) The RP is working towards a workable resolution plan to resolve financial position with the lenders within the prescribed time limit and to continue its certain projects on sub-contract basis to keep its PQ's, capabilities and brand intact.
- b) The Company has made every endeavour to protect and preserve the value of the property and initiate a resolution process by inviting prospective Resolution applicants without much loss of time which will further enable the investors to start the company without major value deterioration.

27. Contingent Liability

I)	Contingent Liabilities	30-Jun-19	31-Mar-19
	(to the extent not provided for)		
a)	Bank Guarantees outstanding as at the year-end (gross) –(Secured)	9,556.91	28,787.98
b)	Guarantee for Subsidiary Company*	-	8,990.15
c)	TDS Defaults**	128.26	-
II)	Legal Disputes		
a)	Disputed amount of Sales Tax.	2,304.74	1,710.08
b)	Claim made by workmen for re-instatement. Matter Subjudice.	Amount not ascertainable	Amount not ascertainable
c)	Disputed amount of Income Tax.	19.43	19.43
d)	Disputed amount of Excise duty	1,493.91	2,506.77
e)	Disputed amount of Service tax.	193.92	193.92
f)	Claims against Company not acknowledged as debt	547.63	933.96
	Total	14,244.80	43,142.27

*Corporate guarantee provided for EMCO Overseas Pte Ltd has been invoked due to non-payment of dues by subsidiary and outstanding amount USD 89.24 lacs has been claimed by PNB International at the time of submission of claims to Resolution Professional and the same has been



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accepted by RP. Hence, provision to the extent of USD 89.24 lacs has been created in the books, however subsequent interest has not been provided.

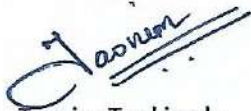
**TDS Prosecution notices has been served on the Company u/s 276B/276BB of Income Tax Act, 1961, during the financial year 2019-20 after the Company went in to CIRP (Corporate Insolvency Resolution Process) on account of failure to pay TDS to the Central Government as required under the provisions of Chapter XVII B within stipulated period as prescribed under Income Tax Act, 1961 and IT Act Rules, 1962 for various previous Assessment years.

28. Figures of the previous period have been regrouped and reclassified, wherever required.

For JHS Associates LLP

Chartered Accountants

Firm Reg. No: 133288W/W100099



Tasnim Tankiwala

Partner

Membership No: 108263

Date: 05/08/2020

Place: MUMBAI

For EMCO Limited



Ganesh Tawari

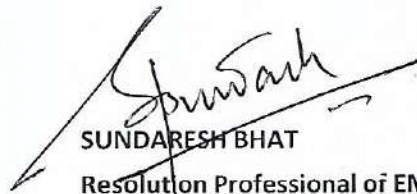
Chief Financial Officer & Company Secretary

ICSI. M. No. A12896



Date: 05/08/2020

Place: Mumbai



SUNDARESH BHAT

Resolution Professional of EMCO Limited (in CIRP)

Communications Email Address: RPEMCO@bdo.in

Website: www.emco.co.in

IBBI Registration no. IBBI/PA-001/IP P00077/2017-18/10162

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Level 9, The Ruby, North West Wing, Senapati Bapat Road,
Dadar (W), Mumbai 400028, INDIA

Insolvency Professional Entity: BDO Restructuring Advisory
LLP, Level 9, The Ruby, North West Wing, Senapati Bapat
Road, Dadar (W), Mumbai 400028, INDIA

Date: 05/08/2020

Place: Mumbai

**INDEPENDENT AUDITORS' REVIEW REPORT ON STANDALONE UNAUDITED FINANCIAL RESULTS FOR
QUARTER ENDED 30 JUNE 2019 OF EMCO LTD PURSUANT TO REGULATION 33 OF THE SEBI (LISTING
OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the Insolvency Professional
EMCO Ltd.

Introduction

1. We have reviewed the accompanying statement of standalone unaudited financial results of **EMCO LTD ("the Company")**, for the quarter ended 30 June 2019 ("**the Statement**"), being submitted by the Company pursuant to requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. The Honorable National Company Law Tribunal, Mumbai ('NCLT') on 22 July, 2019 admitted the Corporate Insolvency Resolution Process ('CIRP') application filed against the Company and appointed Mr. Kedarram Ramratan Laddhas the Interim Resolution Professional ('RP') in terms of the Insolvency and Bankruptcy Code, 2016 ('the Code'). Further, the committee of creditors constituted during the CIRP in its first meeting held on 16 September 2019, has appointed Mr. Sundaresh Bhat as the RP to manage the affairs of the Company. In accordance with Section 22(b) of IBC, an application for confirmation of Mr. Sundaresh Bhat as the RP of Company was filed with the Hon'ble NCLT Mumbai. The Hon'ble NCLT Mumbai vide its order dated 14 October 2019 (written order made available on 11 November 2019) ('RP Confirmation Order'), confirmed the appointment of Mr. Sundaresh Bhat as the Resolution Professional of Company. In view, of the pendency of the CIRP, the power and responsibilities of the Board of Directors shall vest with the RP under the provision of the Code.
3. This statement is the responsibility of the Company's Management and have been endorsed by the Chief Financial Officer, confirming that financial results do not contain any material misstatements and thereafter provided to the Resolution Professional for his signing on 05 August 2020 and for further filing with stock exchanges; has been prepared with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" – ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial results based on our review.
4. For the purpose of this review, we have relied upon the standalone financial results provided to us by the RP. It is noteworthy that the RP has inserted a note, as part of notes to accounts, set out in Note No. 8, as per which he has assumed that the data/ information provided by the officials of the Company and the records of the Company made available to him are in conformity with the applicable laws and present a true and fair view of the position of the Company and has not personally verified such information; and that he should be absolved from the accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the Company basis which the standalone financial results have been prepared. As per the said note, the RP has

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signed the standalone unaudited financial results only to facilitate the CIRP process without any liability of the same. To the extent the RP has disclaimed his liability with respect to accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the Company, the standalone unaudited financial results may suffer from issues of accuracy, veracity, sufficiency, completeness or reliability. [Relevant observations upon the extent of veracity of the unaudited quarterly standalone financial results have been made in the below paragraph 6 of this Section.]

Scope of Review

5. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Engagements to "Review of Interim Financial Information performed by Independent Auditor of the entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis for Qualified of Opinion

6. Inventory consisting of raw material, Work-in-process & stores, spares & packing materials of INR 10,384.21 Lakhs is stated at book value since the management is in the process of assessing the value of existing stock. In the absence of physical verification of stock and inadequate information of the realizable value of stock we are unable to comment on the carrying value of inventory in the standalone unaudited financial results. Refer note No.20 of the standalone unaudited financial results.

Qualified Conclusion:

Based on our review conducted as above, ***except for the effects/possible effects of our observation stated in para 6 above (including the non-quantification for the reasons stated therein)***, nothing has come to our attention that causes us to believe that the standalone unaudited financial results prepared in all material respects in accordance with the applicable Indian Accounting Standards prescribed under section 133 of Companies Act 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 Of the SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with SEBI Circular No. CIR/CFD/CMD/44/2019 dated March 29.2019.



Emphasis Matter

We draw attention to the following matters in the standalone unaudited financial results:

7. Going Concern:

Management has prepared the standalone unaudited financial results on a going concern basis on the grounds stated in Note 26 of the standalone unaudited financial results in spite of following facts and circumstances:

The Company has incurred total comprehensive loss of INR 42,385.52 Lakhs during the quarter and the previous year of INR 33,910.91 Lakhs

- i. The operating cash flows have turned negative during the current quarter.
- ii. The Company's current liabilities have exceeded its current assets as at the balance sheet date by INR 75,902.95 Lakhs.

National Company Law Tribunal has admitted petition for insolvency proceedings initiated by the Financial and other Creditors against the Company.

8. The Company has not prepared and presented consolidated unaudited financial results for the quarter ended 30 June 2019 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries and associates. Refer note No. 12 of the standalone unaudited financial results.
9. Employee/workmen dues booked in the books of accounts are based on the company policy and after considering their attendance and leave records. The accuracy of the amount has not been authenticated and the amount provided might be restated at the year-end i.e. 31 March 2020. Refer note No. 19 of the standalone unaudited financial results.
10. The amount payable to financial creditors, operational creditors including governmental authorities, workmen and employees up to the date of initiation of CIRP is not reinstated based on the claim received from the respective creditors considering the pendency of the resolution process under the Insolvency and Bankruptcy Code. Refer note No. 10 of the standalone unaudited financial results.
11. Company has written off deferred tax asset to the extent of INR 26,967.43 Lakhs in the absence of reasonable certainty on future taxable profits for utilization of this asset. Further, the company has also written off MAT credit entitlement to the extent of INR 501.08 Lakhs as it is not probable that taxable profits will be available during the specified period against which this credit can be utilized. Refer note No. 15 & 16 of the standalone unaudited financial results.
12. Interest on outstanding dues of banks & financial institutions have been provided at the rates used in previous year March 31, 2019 plus the penal interest applicable for each facility availed by the company. Refer note No. 5 of the standalone unaudited financial results.
13. Basis the management assessment, unbilled revenue amounting to INR 5,419.85 Lakhs has been written off during the quarter due to lack of certainty on collectability of the amount. Refer note No. 17 of the standalone unaudited financial results.

Page 3 of 5

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14. Sale of Solar power plant

During the quarter, Solar Photovoltaic Grid Interactive Power Plant of 5MW capacity (Secured Asset) located in the state of Gujarat was sold by the lender owing to continuous defaults committed by Company on the ECB facility availed for setting up the plant.

Bank initiated legal action for recovery of its dues against Company and issued demand notice under SARFAESI Act calling upon the borrower to repay outstanding amount. Due to failure to pay outstanding dues, Bank put secured asset for sale and asset was sold at consideration of INR 1,715.00 Lakhs.

As the secured assets was sold as a single unit i.e. all undisputed assets & liabilities pertaining to Power plant were transferred to the purchaser, the transaction has been treated as slump sale.

Loss on sale of plant amounting to INR 1709.10 Lakhs is reported as an exceptional item in the Statement of Profit & Loss. Refer note No. 18 of the standalone unaudited financial results.

15. Outstanding Stock Option of INR 55.97 Lakhs will be evaluated by the management at the year end. Refer note No. 25 of the standalone unaudited financial results.
16. The company has not tested its assets including Property Plant and Equipment, Intangibles, Capital Work in Progress, Capital advances, investments and other assets like security deposits, earnest money deposits, etc. for any impairment losses for the quarter ended 30 June 2019. Refer note No. 13 of the standalone unaudited financial results.
17. Receivables from governmental authorities is currently not evaluated for its recoverability as this assessment will be done by the management at the year end. Refer note No. 13 of the standalone unaudited financial results.
18. No assessment for any expected credit loss on trade receivables and other loans and advances given by the company is done for the quarter ended 30 June 2019. Refer note No. 14 of the standalone unaudited financial results.
19. In view of uncertain nature of projects, complex situations, performance issues, deterioration in client relationship, delays in contracts execution, probability of liquidated damages likely to devolve, unsettled or unaccepted claims, BG invocations, arbitrations, pending legal disputes, non-availability of balance confirmation from customers and vendors, penalties levied by various governmental authorities, outcome of the CIRP. etc., there is a high probability of substantial write down in the amount's receivables and other current assets in the subsequent quarters. The management, will assess the situation at the close of each quarter and will give impact of any further impairment, as may be required. Refer note No. 6 of the standalone unaudited financial results.
20. Bank Guarantee (BG) in the nature of Performance BG and Advance BG has been invoked by customers during the quarter ended 30 June 2019.

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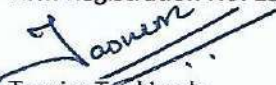
Advance Bank Guarantee invoked during the quarter is INR 766.11 Lakhs. Out of this, INR 76.99 Lakhs is charged to Statement of Profit and Loss and balance amount of INR 632.79 Lakhs has been adjusted against the customer advances.

Performance Bank Guarantee invoked during the quarter is INR 1,387.22 Lakhs. Out of this INR 901.02 Lakhs is charged to statement of profit and loss and balance amount of INR 486.20 Lakhs is retained as receivable based on management assessment of these amounts. Refer note No. 23 of the standalone unaudited financial results.

21. Opening Balances

The financial statements of the Company for the corresponding year ended 31 March 2019 were audited by the predecessor Statutory Auditor, M/S. Chaturvedi & Shah LLP, who expressed unmodified opinion vide their report dated May 30 2019 and reliance has been placed by us on the same for the purpose of this report. We have been appointed as the Statutory Auditors of the Company vide resolution dated January 08, 2020 of the Committee of Creditors ('COC') meeting. We have performed our audit on the basis of books of accounts and other relevant records produced before us after the date of our appointment and on the basis of explanation and information provided to us by the Company and are not responsible for any events that occurred prior to our appointment.

For JHS Associates LLP
Chartered Accountants
Firm Registration No: 133288W / W100099


Taspim Pankiwala
Partner
Membership No: 108263



Date: 05/08/2020
Place: Mumbai

UDIN: 20108263AAAAAF9231

EMCO LIMITED

Registered Office: N-104, MIDC Area, Village - Mehrun, Jalgaon - 425 003, Maharashtra, India.

Tel- 22 4040 4500, Email - emco.corporate@emco.co.in

Head Office: Plot No. F-5, Road No. 28, Wagle Industrial Estate, Thane (W) - 400 604, Maharashtra, India.

**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2019**

CIN:L31102MH1964PLC013011

(Rs. in Lakhs)

Sr. No.	PARTICULARS	STANDALONE					
		Quarter ended			Half Year Ended		Year ended
		30-Sep-2019	30-Jun-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018	31-Mar-2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Gross Sales/ Income from Operations	791.04	1,460.33	4,018.57	2,251.37	13,383.53	21,300.75
	(b) Other Income	-	-	-	-	0.05	5.77
	Total Income (a + b)	791.04	1,460.33	4,018.57	2,251.37	13,383.58	21,306.52
2	Expenses						
	(a) Cost of materials consumed	1,190.68	1,032.46	3,956.24	2,223.14	9,576.14	20,489.83
	(b) Purchases of Stock in Trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods and work-in-progress	(32.34)	16.12	(155.48)	(16.22)	1,792.76	3,283.97
	(d) Excise duty recovered	-	-	-	-	-	-
	(e) Employee benefits expense	288.44	632.60	719.19	921.04	1,490.44	2,776.84
	(f) Finance costs (Net)	4,664.80	5,883.61	3,518.68	10,548.41	6,508.49	15,695.78
	(g) Depreciation and amortisation expense	313.15	334.94	410.28	648.09	820.44	1,621.43
	(h) Other expenses	2,833.99	6,768.51	882.46	9,602.50	1,396.93	25,685.52
	Total Expenses (a) to (h)	9,258.72	14,668.24	9,331.38	23,926.96	21,585.20	69,553.37
3	Profit / (Loss) before exceptional item and tax(1-2)	(8,467.68)	(13,207.91)	(5,312.81)	(21,675.59)	(8,201.62)	(48,246.85)
4	Exceptional Items	(0)	1,709.10	-	1,709.10	-	-
5	Profit / (Loss) before tax	(8,467.68)	(14,917.01)	(5,312.81)	(23,384.69)	(8,201.62)	(48,246.85)
6	Tax Expenses	(0)	26,967.43	(1,518.70)	26,967.43	(2,478.76)	(14,333.20)
7	Mat Credit Expenses	-	501.08	-	501.08	-	-
8	Net Profit / (Loss) for the period	(8,467.68)	(42,385.52)	(3,794.11)	(50,853.20)	(5,722.86)	(33,913.65)
9	Other Comprehensive Income (OCI) (Net of tax)	-	-	-	-	-	2.74
10	Total Comprehensive Income (TCI)	(8,467.68)	(42,385.52)	(3,794.11)	(50,853.20)	(5,722.86)	(33,910.91)
11	Paid-up Equity Share Capital (Face value of ₹2 each)	1,358.19	1,358.19	1,358.19	1,358.19	1,358.19	1,358.19
12	Other Equity	-	-	-	-	-	(7,309.77)
13	Earnings Per Share (EPS)*						
	1. Basic EPS after exceptional items (₹/share)	(12.47)	(62.41)	(5.58)	(74.88)	(8.41)	(49.94)
	2. Diluted EPS after exceptional items (₹/share)	(12.47)	(62.41)	(5.58)	(74.88)	(8.41)	(49.94)
	(* Not Annualized for the Quarter)						

For JHS Associates LLP
Chartered Accountants
Firm Registration No. 133288W / W100099

Tasnim Tankiwala
Partner

Membership No: 108263

Place: **MUMBAI**

Date: **05/08/2020**



For EMCO LIMITED

Ganesh Tawari

Chief Financial Officer

& Company Secretary

ICSI. M.No. A12896

Place: Mumbai

Date: **05/08/2020**



SUNDARESH BHAT

Resolution Professional of EMCO Limited (in CIRP)

Communications Email Address: RPEMCO@bdo.in

Website: www.emco.co.in

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Insolvency Professional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Place: Mumbai

Date: **05/08/2020**

Standalone Statement of Assets & Liabilities as on 30 September 2019

(Rs. in Lakhs)

Particulars	Standalone	Standalone
	30-Sep-19	31-Mar-19
	Unaudited	Audited
A. ASSETS		
1 Non-Current Assets		
(a) Property, Plant & Equipment	15,671.84	19,629.04
(b) Capital work in progress	142.02	142.02
(c) Other intangible assets	565.89	727.82
(e) Financial Assets		
(i) Investments in Subsidiaries	9,937.29	9,937.29
(ii) Investments	713.29	713.29
(iii) Loans	8.60	8.60
(iv) Others	68.29	170.80
(f) Deferred Tax Asset(Net)	-	24,908.31
(g) Other Assets	62.38	62.38
Sub-Total of Non Current Assets	27,169.60	56,299.55
2 Current assets		
(a) Inventories	9,813.07	10,388.88
(b) Financial Assets		
(i) Trade receivables	35,593.95	32,782.43
(ii) Cash & Cash equivalents	127.47	145.22
(iii) Other bank balances	221.35	454.30
(iv) Loans	21,601.23	15,067.50
(v) Others	143.27	138.10
(c) Current tax asset	2,790.79	2,771.89
(d) Other Assets	10,327.36	16,330.66
Sub-Total Current Assets	80,618.49	78,078.98
Total - ASSETS	1,07,788.09	1,34,378.53
B. EQUITY AND LIABILITIES		
1 EQUITY		
(a) Equity Share Capital	1,358.19	1,358.19
(b) Other Equity	(58,162.98)	(7,309.77)
Sub-Total Equity	(56,804.79)	(5,951.58)
2 Non-Current Liabilities		
(a) Financial Liabilities		
Borrowings	-	666.96
(b) Provisions	-	144.64
Sub-Total Non Current Liabilities	-	811.60
3 Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,05,490.61	87,645.99
(ii) Trade Payables		
Dues to micro and small enterprises	2,921.48	2,921.48
Others	11,478.92	11,493.09
(iii) Other Financial liabilities	36,232.70	28,344.84
(b) Deferred Tax Liabilities	2,560.20	-
(c) Other Current Liabilities	5,587.23	8,864.16
(d) Provisions	321.74	248.95
Sub-Total Current Liabilities	1,64,592.88	1,39,518.51
Total - EQUITY AND LIABILITIES	1,07,788.09	1,34,378.53

For JHS Associates LLP
Chartered Accountants
Firm Registration No: 162288W / W100099

Tasnim Fankiwala

Partner

Membership No: 108263

Place: MUMBAI

Date: 05/08/2020



For EMCO LIMITED

Ganesh Tawari

Chief Financial Officer

& Company Secretary

ICSI. M.No. A12896

Place: Mumbai

Date: 05/08/2020



SUNDARESH BHAT

Resolution Professional of EMCO Limited (in CIRP)

Communications Email Address: RP@EMCO@bdo.in

Website: www.emco.co.in

IBBI Registration no. IBBI/PA-001/IP-P00077/2017-18/10162

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IBBI Registered Address: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Insolvency Professional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Place: Mumbai

Date: 05/08/2020

STANDALONE STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2019

(Rs. in Lakhs)

	Year ended 30th Sept 2019	Year ended 31st March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) before tax	(21,675.60)	(48,246.85)
Adjustments for		
Depreciation and amortisation	648.09	1,621.43
Unrealised foreign exchange Loss /(Gain)	-	398.00
Interest expenses	10,557.95	15,695.78
Interest Income	(9.54)	(131.35)
Sundry balance written-off / (back) (net)	5,340.55	2,544.64
Provision for doubtful debts	-	18,622.08
Provision for diminution in fair value of Investment	-	1,200.00
Changes in fair value of investment	-	266.10
Provision for Warranty	-	39.56
Employee stock compensation expense	-	-
Actuarial (Gain)/loss on post employment benefit obligations	-	(2.74)
(Gain)/Loss on sale of fixed assets (net)	19.96	(5.67)
Operating Profit before Working Capital Changes	(5,118.59)	(7,999.02)
Adjustments for		
Trade and other payables	(3,273.79)	(13,157.19)
Trade and other receivables	(8,664.77)	15,171.49
Inventory	575.80	5,869.18
Cash generated from Operations	(16,481.35)	(115.54)
Direct taxes paid	(18.90)	(646.16)
Net Cash Inflow / (Outflow) from Operating Activities	(16,500.25)	(761.70)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Acquisition of PPE	-	(87.95)
Sale proceeds of PPE	1,741.99	67.55
Movement in other bank balances	232.95	(66.52)
Purchase of Investments in subsidiaries	-	-
Movement in advance to subsidiaries & JV's	-	252.38
Interest income from related parties	-	-
Net Cash inflow / (outflow) from Investing Activities	1,974.94	165.46
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long term borrowings	-	(378.08)
Increase/(decrease) in short term borrowings	16,672.60	-
Interest expense	(2,165.03)	-
Net Cash inflow / (outflow) from Financing Activities	14,507.57	(378.08)
Net increase in Cash and Cash Equivalents	(17.75)	(974.32)
Cash and Cash Equivalents at the beginning of the year	145.22	1,119.54
Cash and Cash Equivalents at the end of the year	127.47	145.22
Reconciliation of the Cash & Bank		
Cash and cash equivalents (As per Note 10)	348.82	599.52
Less- Margin Money Deposit against Bank Guarantee	218.59	451.64
Less- Unclaimed Dividend Account	2.66	2.66
Cash and Cash Equivalents at the end of the year	127.47	145.22

Notes -

- The above cash flow statement has been prepared under the "Indirect Method" as per Indian Accounting Standard (Ind AS) 7.
- Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our report of even date

JHS Associates LLP
Chartered Accountants
Firm Registration No. 138/08W / W100099

Tasnim Taniwala
Partner
Membership No: 108263
Place: **MUMBAI**
Date: **05/08/2020**



For EMCO Limited

SUNBARESH BHAT
Resolution Professional of EMCO Limited (in CIRP)
Communications Email Address: RPEMCO@bdo.in
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(W), Mumbai 400028, INDIA
Place: **Mumbai**
Date: **05/08/2020**

Ganesh Tawari
Chief Financial Officer
& Company Secretary
ICSI. M.No. A12896
Place: **Mumbai**
Date: **05/08/2020**



EMCO LIMITED

NOTES TO THE STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2019

1. The above Standalone Unaudited Financial Results have been prepared, reviewed, and approved by the CFO and thereafter taken on record by the Insolvency Resolution Professional at their meetings held on 05 August 2020. The Statutory Auditors of the Company have carried out a Limited Review of the financial results for the quarter and period ended 30 September 2019.
2. The Honourable National Company Law Tribunal, Mumbai ('NCLT') on 22 July 2019 admitted the Corporate Insolvency Resolution Process ('CIRP') application filed against the Company and appointed Mr. Kedarram Ramratan Laddha as the Interim Resolution Professional ('IRP') in terms of the Insolvency and Bankruptcy Code, 2016 ('the Code'). Further, the committee of creditors constituted during the CIRP in its first meeting held on 16 September 2019, has appointed Mr. Sundaresh Bhat as the RP to manage the affairs of the Company. In view, of the pendency of the CIRP, the power and responsibilities of the Board of Directors shall vest with the RP under the provision of the Code.
3. The Company adopted Indian Accounting Standards ('Ind AS') from 1 April 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and other accounting principles generally accepted in India.
4. The Company is in the business of manufacturing Transformers and execution of projects related to power transmission and as such there are no separate reportable operating segments as defined by Ind AS 108- "Operating Segments. For management purposes the Company has only one reportable segment as follows: **Transmission and Distribution Segment within Power Sector**
5. On account of loans being reclassified as Non-Performing Assets (NPA) by all lenders, interest has been provided for in the books of accounts at the rates as used for the previous year 31 March 2019 plus the penal interest as applicable for each facility availed by the company.
6. In view of uncertain nature of projects, complex situations, performance issues, deterioration in client relationship, delays in contracts execution, probability of liquidated damages likely to devolve, unsettled or unaccepted claims, BG invocations, arbitrations, pending legal disputes, non-availability of balance confirmation from customers and vendors, penalties levied by various governmental authorities, outcome of the CIRP. etc., there is a high probability of substantial write down in the amount's receivables and other current assets in the subsequent quarters. The management, will assess the situation at the close of each quarter and will give impact of any further impairment, as may be required.
7. Effective 01 April 2019 the company has adopted Ind AS 116 'Leases' under the modified simplified approach without adjustment of comparatives. The standard is applied to contracts



that remain as at 01 April 2019. The application of the Standard did not have any material impact on the profit for the period ended 30 September 2019.

8. The above Statement of Standalone Unaudited Financial Results for the period ended September 30, 2019 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the Accounts Department and supervised by Mr. Ganesh Tawari (CFO) of EMCO Limited). It is pertinent to note that the Resolution Professional made all practicable and reasonable efforts from time to time to facilitate information/data from the officials of the Company in relation to the preparation of the financial results of the company and also the information required by the auditors for the purpose of carrying out the review of the financial results of the company. It is to be noted that the results for quarter ended 30th June 2019 and 30th September 2019 as well as information provided to the auditors for the purpose of review of the same, pertain to the period prior to the appointment of the Resolution Professional and therefore, while facilitating the collection and dissemination of the said information, the Resolution Professional has relied upon and assumed the accuracy/veracity of the data/information provided by the officials of the company, suspended directors, and the records of the company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and present a true and fair view of the position of the company as of the dates and for the period indicated therein. The RP has not personally verified the information provided by the officials of the company and has placed confidence in the data/information provided to him for previous periods. Accordingly, the Resolution Professional shall be absolved from the accuracy, veracity and sufficiency or completeness of such information. Readers and users of these statements/results are advised to do their due diligence before arriving at any conclusions. The Resolution Professional has signed the Financials results to facilitate the CIRP Process and facilitate the statutory requirements without any liability of the same.
9. In respect of Company's Bank balances & Borrowings from banks and financial institutions balance confirmation as at 30 September 2019 has been received from all the banks except for some Dormant/inactive accounts.
10. As a part of CIRP, financial creditors, operational creditors, workmen and employees of the company were called upon to submit their claims to the RP in terms of the applicable provisions of Insolvency and Bankruptcy Code, 2016. Claims submitted by financial creditors, operational creditors, workmen and employees have been verified and admitted by the RP. No accounting impact in the books of account has been made in respect of the excess, short or non-receipt of claims for the financial creditors, operational creditors, workmen and employees.
11. **Initiation of Corporate Insolvency Resolution Process (CIRP):**

Jet Roadlines (India) Pvt Ltd., in its capacity as the operational creditor of EMCO Limited ('EMCOL' or 'Corporate Debtor'), filed an application under Section 9 of the Insolvency and Bankruptcy Code ('IBC'), 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before the Hon'ble Adjudicating Authority, i.e. National Company Law Tribunal, at Mumbai ('Hon'ble NCLT Mumbai') for initiation of Corporate Insolvency Resolution Process ('CIRP') for the Corporate Debtor under the provisions of the Insolvency and Bankruptcy Code 2016. The said Application of Jet Road lines has since been admitted by the Hon'ble NCLT



Mumbai vide its order dated 22 July 2019 ("Order") and the CIRP has commenced from the date of the order.

The Hon'ble NCLT Mumbai vide its order dated 22 July 2019 ('CIRP Commencement Order') *inter alia* appointed, Mr. Kedarram Ramratan Laddha having registration number IBBI/IPA-001/TPP00586/2017-18/11115 as the Interim Resolution Professional ("IRP") of the Corporate Debtor to conduct the CIRP and to exercise all powers and subject and carry out all duties as envisaged under the provisions of the IBC.

The Committee of Creditors constituted by the IRP, at its first meeting convened on 16 September 2019, resolved with requisite majority to replace the IRP with Mr. Sundaresh Bhat, Insolvency Professional having IBBI registration no. IBBI/IPA-001 /IP-N00077/2017-18/10162 as the Resolution Professional of EMCOL. In accordance with Section 22(b) of IBC, an application for confirmation of Mr. Sundaresh Bhat as the RP. of EMCOL was filed with the Hon'ble NCLT Mumbai. The Hon'ble NCLT Mumbai vide its order dated 14 October 2019 (written order made available on 11 November 2019) ('RP Confirmation Order'), confirmed the appointment of Mr. Sundaresh Bhat as the Resolution Professional of EMCOL.

12. Consolidation

The Company has not prepared and presented Consolidated Ind AS Statement for the period ended September 30, 2019 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries.

13. Assets

The management is in the processes of testing all its assets like, Property Plant & Equipment, Intangibles, Capital Work in Progress, Capital Advances, Investments, Loans and Advances, Indirect Tax receivable and all the other assets like Security Deposit etc. for impairment. Provision for impairment, if any, for any item will be created in the subsequent quarters.

14. Expected credit loss (ECL) for trade receivables:

The management has assessed all its trade receivables on quantitative parameters like age of the receivables, past default trends, etc. and on the qualitative parameters like the financial health of the customer, sectoral performance, etc.

Trade receivable are outstanding and standing at INR 35,593.95 Lakhs. The management is in the process of assessing the recoverability of these advances and necessary impact of such assessment will be provided for in the subsequent quarters.

15. Deferred tax assets:

Deferred tax assets amounting to INR 26,967.43 Lakhs is written off during the period ended in the absence of reasonable certainty that future taxable profits will be available against which this asset can be used.



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16. MAT credit entitlement:

MAT credit entitlement of INR 501.08 Lakhs is written off during the period ended as it is not probable that taxable profit will be available during the specified period against which the credit can be utilized.

17. Write off of unbilled revenue (contract asset):

Basis its assessment of unbilled revenue and lack of certainty on collectability of this amount, unbilled revenue to the extent of INR 5,419.85 Lakhs is written off by the management during the period ended 30 September 2019.

18. Solar Plant Sale

For the purpose of setting up the Solar Power plant, Company obtained ECB facility of USD 6.50 million from Axis Bank in 2011. The terms and conditions were reviewed/modified/renewed from time to time. Axis Bank had created charge on assets of Project (Power Plant), whose yearly revenue was in the range of INR 6-8 Crs., to secure due repayment of outstanding dues. Charge was created on all movable fixed assets installed and lying at the power plant and immovable property (Land).

Company committed default in payment of amount and as a result Company was classified as Non- Performing Asset (NPA) in the books of Bank from April 2018. Owing to continuous defaults, bank initiated legal action for recovery of its dues against Company and issued demand notice dated 15 January 2019 under SARFAESI Act calling upon the borrower to repay outstanding amount of INR 1,462.45 Lakhs as on 31st December 2018 within a period of 60 days.

Company could not repay the amount within 60 days of notice and hence Bank proceeded with the provisions of the act and put the secured assets for sale through E-Auction Notice dated 28 March 2019 at Reserve price of INR 1,710.00 Lakhs. It was based on the valuation report submitted by BKC Advisors Pvt Ltd. dated 22nd March 2019 which gave the Fair Value of the entire plant at INR 1962.17 Lakhs, Realisable value at INR 1,710.14 Lakhs and Distress Value at 1,534.11 Lakhs. E-Auction date of assets was kept at 30 April 2019. E-Auction was conducted on the said date and assets were successfully sold at price of INR 1,715.00 Lakhs as against the book value of INR 3424.10 Lakhs (Net of Creditors).

Since all assets and liabilities has been transferred in relation to Solar Power Plant, the sale is treated as Slump Sale as per provisions of Income Tax Act, 1961.

As per Ind AS 105, 'Non-current assets held for sale and discontinued operations'

A discontinued operation is a component of an entity that can be distinguished operationally and financially for financial reporting purposes from the rest of the entity and:

- *Represents a separate major line of business or geographical area of operation*
- *Is part of a single coordinated plan to dispose of a separate major line of business or major geographical area of operation*
- *Is a subsidiary acquired exclusively with a view for resale*



Though the plant is a component which can be distinguished separately for operation and financial purposes, the Solar Power Plant cannot be classified as major line of business because it is not a substantial component of the Profit and Loss statement of the Company. This can be further substantiated as the turnover from the Solar Power Plant for the year March 31, 2019 is INR 684.01 Lakhs which is less than 10% of the total turnover (INR 21,300.76 Lakhs) of the Company.

Since Solar Power Plant is not considered as discontinuing operation, disclosures pertaining to Ind AS 105 are not required.

The loss on sale of the Asset INR 1709.10 Lakhs has been shown as an exceptional item on the face of Profit and Loss statement.

19. Employee Provisions:

Employee/workmen dues recorded in the books of accounts are based on the company policy and after considering their attendance and leave records. The accuracy of the amount has not been authenticated and thus it is to be noted that the amount provided might be restated while finalizing books of accounts as on 31 March 2020.

20. Non-Payment of Statutory Dues

The company has not fully paid Statutory dues pertaining to provident fund, ESIC & other material statutory dues relating to employees and workmen who have not been paid their salary and wages up to the reporting period and the impact for such non-compliance in the form of interest and penalty is currently not quantified by the management in the financial results.

21. Inventory

Inventory amounting to INR 9,813.07 Lakhs is stated at book value. The management is in the process of assessing realisable value of stock and necessary impact of such assessment will be provided for at the year-end i.e. March 31, 2020.

22. Gratuity and Leave Encashment

Provisions for post-employment benefits – Gratuity, leave encashment made in the books of account are not in line with Ind AS 19.

Provisions for employee benefits such as Leave Encashment and Gratuity has been provided as per policy of the company i.e. on a proportionate basis of the previous year provision adjusted for movement in head count and increments in salary and the actuarial valuation will be done at the year-end i.e. 31 March 2020.

The management intends to conduct actuarial valuation for the Gratuity and Leave Encashment as on 31 March 2020 in line with the IND AS requirements.

23. Contract Liabilities

Contract liabilities amounting to INR 89.16 Lakhs pertains to the provision created in the earlier years for certain ongoing sub-station projects. Management after assessing has decided to write-back the same.



24. Bank Guarantees

Advance Bank Guarantee invoked during the period is INR 5,247.75 Lakhs. Out of this, INR 280.64 Lakhs is charged to Statement of Profit and Loss, amount of INR 3,963.14 Lakhs has been adjusted against the customer advances and balance amount of INR 947.64 Lakhs is retained as receivable based on management assessment of these amounts.

Performance Bank Guarantee invoked during the period is INR 5,388.64 Lakhs. Out of this INR 3,109.24 Lakhs is charged to statement of profit and loss, INR 2,120.76 Lakhs is retained as receivable based on management assessment of these amounts and balance amount of INR 158.64 Lakhs is recovered from the customer.

25. Write off of Trade Receivable pertaining to Bank Guarantee

Basis the assessment of management and lack of certainty on collectability of this amount, trade receivables pertaining to Bank guarantee invoked of INR 499.93 Lakhs have been written off during the period.

26. Employee Stock Option Plan (ESOP):

The Company had granted stock options under the following employee stock option scheme:

30,00,000 Equity Shares are reserved for allotment of equity shares under Employee Stock Option Scheme 2011. During the year Nil Equity Shares have been issued and allotted to the eligible employees against exercise of Options under ESOS 2011.

30,00,000 Equity Shares are reserved for allotment of equity shares under Employee Stock Option Scheme 2015. During the year NIL Equity Shares have been issued and allotted to the eligible employees against exercise of Options under ESOS 2015.

Each option when exercised would be converted into one fully paid-up equity share of ₹ 2 each of the Company. The options granted under ESOP 2011 and options granted under the ESOP 2015 scheme carry no rights to dividends and no voting rights till the date of exercise.

As of the period end there is no information on the outstanding options remaining to be vested, vested but not exercised and vested and lapsed. The stock option of INR 55.97 Lakhs will be evaluated at the year-end i.e. 31 March 2020.

27. Going Concern:

All the manufacturing activities of all the plants of the Company have been discontinued due to Non availability of funds. Also, since there has been no improvement in the position of the funds it casts material uncertainty about the functionality of all the plants soon.

The Company has accumulated losses of INR 93,949.59 Lakhs and the Company has registered total comprehensive loss of INR 50,853.21 Lakhs during the period ended 30 September 2019 and of INR 33,910.91 Lakhs for the previous year (FY 2018-19) (including provision for finance cost and depreciation).

All the above-mentioned conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However,



the Statement of the Company have been prepared on a going concern basis on the below mentioned grounds

- a) The RP is working towards a workable resolution plan to resolve financial position with the lenders within the prescribed time limit and to continue its certain projects on subcontract basis to keep its PQ's, capabilities and brand intact.
- b) The Company has made every endeavour to protect and preserve the value of the property and initiate a resolution process by inviting prospective Resolution applicants without much loss of time which will further enable the investors to start the company without major value deterioration.

28. Contingent Liability

I)	Contingent Liabilities	30-Sep-19	30-Jun-19	31-Mar-19
	(to the extent not provided for)			
a)	Bank Guarantees outstanding as at the year-end (gross) –(Secured)	9,556.91	9,556.91	28,787.98
b)	Guarantee for Subsidiary Company*	-	-	8,990.15
c)	TDS Defaults**	128.26	128.26	-
II)	Legal Disputes			
a)	Disputed amount of Sales Tax.	2,304.74	2,304.74	1,710.08
b)	Claim made by workmen for re-instatement. Matter Subjudice.	Amount not ascertainable	Amount not ascertainable	Amount not ascertainable
c)	Disputed amount of Income Tax.	19.43	19.43	19.43
d)	Disputed amount of Excise duty	1,493.91	1,493.91	2,506.77
e)	Disputed amount of Service tax.	193.92	193.92	193.92
f)	Claims against Company not acknowledged as debt	547.63	547.63	933.96
	Total	14,244.80	14,244.80	43,142.27

*Corporate guarantee provided for EMCO Overseas Pte Ltd has been invoked due to non-payment of dues by subsidiary and outstanding amount USD 89.24 lacs has been claimed by PNB International at the time of submission of claims to Resolution Professional and the same has been accepted by RP. Hence, provision to the extent of USD 89.24 lacs has been created in the books, however subsequent interest has not been provided.



****TDS Prosecution notices has been served on the Company u/s 276B/276BB of Income Tax Act, 1961, during the financial year 2019-20 after the Company went in to CIRP (Corporate Insolvency Resolution Process) on account of failure to pay TDS to the Central Government as required under the provisions of Chapter XVII B within stipulated period as prescribed under Income Tax Act, 1961 and IT Act Rules, 1962 for various previous Assessment years.**

29. Figures of the previous period have been regrouped and reclassified, wherever required.

For JHS Associates LLP

Chartered Accountants

Firm Reg. No: 133288W/W100099



Tashim Tankiwala

Partner

Membership No: 108263

Date: 05/08/2020

Place: MUMBAI



For EMCO Limited



Ganesh Tawari

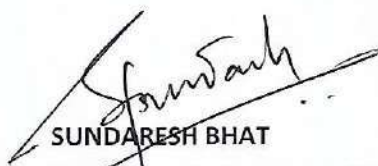
Chief Financial Officer & Company Secretary

ICSI. M. No. A12896



Date: 05/08/2020

Place: Mumbai



SUNDARESH BHAT

Resolution Professional of EMCO Limited (in CIRP)

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Insolvency Professional Entity: BDO Restructuring Advisory
LLP, Level 9, The Ruby, North West Wing, Senapati Bapat
Road, Dadar (W), Mumbai 400028, INDIA

Date: 05/08/2020

Place: Mumbai

**INDEPENDENT AUDITORS' REVIEW REPORT ON STANDALONE UNAUDITED FINANCIAL RESULTS FOR
QUARTER AND PERIOD ENDED 30 SEPTEMBER 2019 OF EMCO LTD PURSUANT TO REGULATION 33
OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the Insolvency Professional
EMCO Ltd.

Introduction

1. We have reviewed the accompanying statement of standalone unaudited financial results of **EMCO LTD ("the Company")**, for the quarter and period ended 30 September 2019 ("**the Statement**"), being submitted by the Company pursuant to requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. The Honorable National Company Law Tribunal, Mumbai ('NCLT') on 22 July, 2019 admitted the Corporate Insolvency Resolution Process ('CIRP') application filed against the Company and appointed Mr. Kedarram Ramratan Laddhas the Interim Resolution Professional ('IRP') in terms of the Insolvency and Bankruptcy Code, 2016 ('the Code'). Further, the committee of creditors constituted during the CIRP in its first meeting held on 16 September 2019, has appointed Mr. Sundaresh Bhat as the RP to manage the affairs of the Company. In accordance with Section 22(b) of IBC, an application for confirmation of Mr. Sundaresh Bhat as the RP of Company was filed with the Hon'ble NCLT Mumbai. The Hon'ble NCLT Mumbai vide its order dated 14 October 2019 (written order made available on 11 November 2019) ('RP Confirmation Order'), confirmed the appointment of Mr. Sundaresh Bhat as the Resolution Professional of Company. In view, of the pendency of the CIRP, the power and responsibilities of the Board of Directors shall vest with the RP under the provision of the Code.
3. This statement is the responsibility of the Company's Management and have been endorsed by the Chief Financial Officer, confirming that financial results do not contain any material misstatements and thereafter provided to the Resolution Professional for his signing on 05 August 2020 and for further filing with stock exchanges; has been prepared with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" – ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial results based on our review.
4. For the purpose of this review, we have relied upon the standalone financial results provided to us by the RP. It is noteworthy that the RP has inserted a note, as part of notes to accounts, set out in Note No. 8, as per which he has assumed that the data/ information provided by the officials of the Company and the records of the Company made available to him are in conformity with the applicable laws and present a true and fair view of the position of the Company and has not personally verified such information; and that he should be absolved from the accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the Company basis which the standalone financial results have been prepared. As per the said note, the RP has signed the standalone unaudited financial results only to facilitate the CIRP process without any liability of the same. To the extent the RP has disclaimed his liability with respect to accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the

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Company, the standalone unaudited financial results may suffer from issues of accuracy, veracity, sufficiency, completeness or reliability. [Relevant observations upon the extent of veracity of the Financial Results have been made in the below paragraphs 6 & 7.]

Scope of Review

5. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Engagements to "Review of Interim Financial Information performed by Independent Auditor of the entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis for Qualified Opinion

6. Statutory dues pertaining to employees and workmen other than those employees whose cost is treated as CIRP cost is not discharged by the company. Further the impact for such non-compliance in the form of interest and penalty is currently not quantified by the company and hence we are not able to comment on the financial implication of these delays in payment of statutory dues. Refer note No. 20 of the standalone unaudited financial results
7. Inventory consisting of raw material, Work-in-process & stores, spares & packing materials of INR 9,813.07 Lakhs is stated at book value since the management is in the process of assessing the value of existing stock. In the absence of physical verification of stock and inadequate information of the realizable value of stock we are unable to comment on the carrying value of inventory standalone unaudited financial results. Refer note No. 21 of the standalone unaudited financial results

Qualified Conclusion:

Based on our review conducted as above, *except for the effects/possible effects of our observation stated in para 6 & 7 above (including the non-quantification for the reasons stated therein)*, nothing has come to our attention that causes us to believe that the standalone unaudited financial results prepared in all material respects in accordance with the applicable Indian Accounting Standards prescribed under section 133 of Companies Act 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 Of the SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with SEBI Circular No. CIR/CFD/CMD/44/2019 dated March 29.2019.



Emphasis Matter

We draw attention to the following matters in the standalone unaudited financial results:

8. Going Concern:

Management has prepared the standalone unaudited financial results on a going concern basis on the grounds stated in Note 27 of the unaudited standalone financial results in spite of following facts and circumstances:

- i. The Company has incurred total comprehensive loss of INR 50,853.21 Lakhs during the period end and the previous year of INR 33,910.91 Lakhs
 - ii. The operating cash flows have turned negative during the period end.
 - iii. The Company's current liabilities have exceeded its current assets as at the balance sheet date by INR 83,974.39 Lakhs.
 - iv. National Company Law Tribunal has admitted petition for insolvency proceedings initiated by the Financial and other Creditors against the Company
9. The Company has not prepared and presented consolidated financial Statement for the period ended 30 September 2019 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries and associates. Refer note No. 12 of the standalone unaudited financial results.
10. Employee/workmen dues booked in the books of accounts are based on the company policy and after considering their attendance and leave records. The accuracy of the amount has not been authenticated and the amount provided might be restated at the year-end i.e. 31 March 2020. Refer note No. 19 of the standalone unaudited financial results.
11. The amount payable to financial creditors, operational creditors including governmental authorities, workmen and employees up to the date of initiation of CIRP is not reinstated based on the claim received from the respective creditors considering the pendency of the resolution process under the Insolvency and Bankruptcy Code. Refer note No. 10 of the standalone unaudited financial results.
12. Company has written off deferred tax asset to the extent of INR 26,967.43 Lakhs in the absence of reasonable certainty on future taxable profits for utilization of this asset. Further, the company has also written off MAT credit entitlement to the extent of INR 501.08 Lakhs as it is not probable that taxable profits will be available during the specified period against which this credit can be utilized. Refer note No. 15 & 16 of the standalone unaudited financial results.
13. Interest on outstanding dues of banks & financial institutions have been provided at the rates used in previous year March 31, 2019 plus the penal interest applicable for each facility availed by the company. Refer note No. 5 of the standalone unaudited financial results.
14. Basis the management assessment, unbilled revenue amounting to INR 5,419.85 Lakhs has been written off during the period end due to lack of certainty on collectability of the amount. Refer note No. 17 of the standalone unaudited financial results.

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15. Sale of Solar power plant

During the period end, Solar Photovoltaic Grid Interactive Power Plant of 5MW capacity (Secured Asset) located in the state of Gujarat was sold by the lender owing to continuous defaults committed by Company on the ECB facility availed for setting up the plant.

Bank initiated legal action for recovery of its dues against Company and issued demand notice under SARFAESI Act calling upon the borrower to repay outstanding amount. Due to failure to pay outstanding dues, Bank put secured asset for sale and asset was sold at consideration of INR 1,715.00 Lakhs.

As the secured assets was sold as a single unit i.e. all undisputed assets & liabilities pertaining to Power plant were transferred to the purchaser, the transaction has been treated as slump sale.

Loss on sale of plant amounting to INR 1,709.10 Lakhs is reported as an exceptional item in the Statement of Profit & Loss.

Refer note No. 18 of the standalone unaudited financial results.

16. Outstanding Stock Option of INR 55.97 Lakhs will be evaluated by the management at the year end. Refer note No. 26 of the standalone unaudited financial results.
17. The company has not tested its assets including Property Plant and Equipment, Intangibles, Capital Work in Progress, Capital advances, investments and other assets like security deposits, earnest money deposits, etc. for any impairment losses for the period ended 30 September 2019. Refer note No. 13 of the standalone unaudited financial results.
18. Receivables from governmental authorities is currently not evaluated for its recoverability as this assessment will be done by the management at the year end. Refer note No. 13 of the standalone unaudited financial results.
19. No assessment for any expected credit loss on trade receivables and other loans and advances given by the company is done for the period ended 30 September 2019. Refer note No. 14 of the standalone unaudited financial results.
20. In view of uncertain nature of projects, complex situations, performance issues, deterioration in client relationship, delays in contracts execution, probability of liquidated damages likely to devolve, unsettled or unaccepted claims, BG invocations, arbitrations, pending legal disputes, non-availability of balance confirmation from customers and vendors, penalties levied by various governmental authorities, outcome of the CIRP. etc., there is a high probability of substantial write down in the amount's receivables and other current assets in the subsequent quarters. The management, will assess the situation at the close of each quarter and will give impact of any further impairment, as may be required. Refer note No. 6 of the standalone unaudited financial results.
21. Bank Guarantee (BG) in the nature of Performance BG and Advance BG has been invoked by customers during the period ended 30 September 2019.

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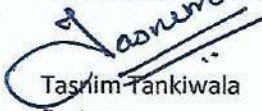
Advance Bank Guarantee invoked during the period is INR 5,247.75 Lakhs. Out of this, INR 280.64 Lakhs is charged to Statement of Profit and Loss, amount of INR 3,963.14 Lakhs has been adjusted against the customer advances and balance amount of INR 947.64 Lakhs is retained as receivable based on management assessment of these amounts.

Performance Bank Guarantee invoked during the period is INR 5,388.64 Lakhs. Out of this INR 3,109.24 Lakhs is charged to statement of profit and loss, INR 2,120.76 Lakhs is retained as receivable based on management assessment of these amounts and balance amount of INR 158.64 Lakhs is recovered from the customer. Refer note No. 24 of the standalone unaudited financial results.

22. Opening Balances

The financial results of the Company for the corresponding year ended 31 March 2019 were audited by the predecessor Statutory Auditor, M/S. Chaturvedi & Shah LLP, who expressed unmodified opinion vide their report dated May 30, 2019 and reliance has been placed by us on the same for the purpose of this report. We have been appointed as the Statutory Auditors of the Company vide resolution dated January 08, 2020 of the Committee of Creditors ('COC') meeting. We have performed our audit on the basis of books of accounts and other relevant records produced before us after the date of our appointment and on the basis of explanation and information provided to us by the Company and are not responsible for any events that occurred prior to our appointment.

For JHS Associates LLP
Chartered Accountants
Firm Registration No: 133288W / W100099


Tashim Tankiwala
Partner
Membership No: 108263



Date: 05/08/2020
Place: Mumbai

UDIN: 20108263AAAAAG8737

EMCO LIMITED

Registered Office : N-104, MIDC Area, Village - Mehrun, Jalgaon - 425 003, Maharashtra, India.

Tel- 22 4040 4500, Email - emco.corporate@emco.co.in

Head Office : Plot No. F-5, Road No. 28, Wagle Industrial Estate, Thane (W) - 400 604, Maharashtra, India.

**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED AND PERIOD ENDED 31 DECEMBER 2019**

CIN:L31102MH1964PLC013011

(Rs. in Lakhs)

Sr. No.	PARTICULARS	STANDALONE					
		Quarter ended			Nine Months Ended		Year ended
		31-Dec-2019	30-Sep-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018	31-Mar-2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Gross Sales/ Income from Operations	80.78	791.04	3,727.31	2,332.15	17,110.85	21,300.75
	(b) Other Income	-	-	21.03	-	21.08	5.77
	Total Income (a + b)	80.78	791.04	3,748.34	2,332.15	17,131.93	21,306.52
2	Expenses						
	(a) Cost of materials consumed	5,463.79	1,190.68	4,287.31	7,686.93	13,863.45	20,489.83
	(b) Purchases of Stock in Trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods and work-in-progress	5.05	(32.34)	(190.96)	(11.17)	1,601.80	3,283.97
	(d) Excise duty recovered	-	-	-	-	-	-
	(e) Employee benefits expense	207.55	288.44	645.32	1,128.59	2,135.76	2,776.84
	(f) Finance costs (Net)	4,646.19	4,664.80	3,573.26	15,194.60	10,081.75	15,695.78
	(g) Depreciation and amortisation expense	304.05	313.15	406.11	952.14	1,226.55	1,621.43
	(h) Other expenses	36,901.72	2,833.99	802.09	46,504.23	2,199.03	25,685.52
	Total Expenses (a) to (h)	47,528.35	9,258.72	9,523.13	71,455.32	31,108.34	69,553.37
3	Profit / (Loss) before exceptional item and tax(1-2)	(47,447.58)	(8,467.68)	(5,774.79)	(69,123.17)	(13,976.39)	(48,246.85)
4	Exceptional Items	-	-	-	1,709.10	-	-
5	Profit / (Loss) before tax	(47,447.58)	(8,467.68)	(5,774.79)	(70,832.27)	(13,976.39)	(48,246.85)
6	Tax Expenses	(0.00)	-	(1,701.66)	26,967.43	(4,180.42)	(14,333.20)
7	Mat Credit Expenses	-	-	-	501.08	-	-
8	Net Profit / (Loss) for the period	(47,447.58)	(8,467.68)	(4,073.12)	(98,300.78)	(9,795.97)	(33,913.65)
9	Other Comprehensive Income (OCI) (Net of tax)	-	-	-	-	-	2.74
10	Total Comprehensive Income (TCI)	(47,447.58)	(8,467.68)	(4,073.12)	(98,300.78)	(9,795.97)	(33,910.91)
11	Paid-up Equity Share Capital (Face value of `2 each)	1,358.19	1,358.19	1,358.19	1,358.19	1,358.19	1,358.19
12	Other Equity	-	-	-	-	-	(7,309.77)
13	Earnings Per Share (EPS)*						
	1. Basic EPS after exceptional items (`/share)	(69.87)	(12.47)	(5.99)	(144.75)	(14.39)	(49.94)
	2. Diluted EPS after exceptional items (`/share)	(69.87)	(12.47)	(5.99)	(144.75)	(14.39)	(49.94)
	(* Not Annualized for the Quarter)						

For JHS Associates LLP

Chartered Accountants

Firm Registration No: 133288W / W100099

Tasnim Tankiwala
Tasnim Tankiwala
 Partner
 Membership No: 108263
 Place : **MUMBAI**
 Date : **05/08/2020**



For EMCO LIMITED

Ganesh Tawari
Ganesh Tawari

Chief Financial Officer

& Company Secretary

ICSI, M.No. A12896

Place : Mumbai

Date : 05/08/2020

*Sundaresb Bhat*
SUNDARESH BHAT

Resolution Professional of EMCO Limited (in CIRP)

Communications Email Address: RPEMCO@bdo.in

Website: www.emco.co.in

IBBI Registration no. IBBI/PA-001/IP-P00077/2017-18/10162

IBBI Registered Email: sundareshbhat@bdo.in

IBBI Registered Address: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Insolvency Professional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

Place : Mumbai

Date : 05/08/2020

EMCO LIMITED

NOTES TO THE STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2019

1. The above standalone unaudited financial results have been prepared, reviewed, and approved by the CFO and thereafter taken on record by the Insolvency Resolution Professional at their meetings held on 05 August 2020. The Statutory Auditors of the Company have carried out a Limited Review of the results for the quarter and period ended 31 December 2019.
2. The Honourable National Company Law Tribunal, Mumbai ('NCLT') on 22 July 2019 admitted the Corporate Insolvency Resolution Process ('CIRP') application filed against the Company and appointed Mr. Kedarram Ramratan Laddha as the Interim Resolution Professional ('IRP') in terms of the Insolvency and Bankruptcy Code, 2016 ('the Code'). Further, the committee of creditors constituted during the CIRP in its first meeting held on 16 September 2019, has appointed Mr. Sundaresh Bhat as the RP to manage the affairs of the Company. In view, of the pendency of the CIRP, the power and responsibilities of the Board of Directors shall vest with the RP under the provision of the Code.
3. The Company adopted Indian Accounting Standards ('Ind AS') from 01 April 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34. "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under and other accounting principles generally accepted in India.
4. The Company is in the business of manufacturing Transformers and execution of projects related to power transmission and as such there are no separate reportable operating segments as defined by Ind AS 108- "Operating Segments. For management purposes the Company has only one reportable segment as follows: **Transmission and Distribution Segment within Power Sector**
5. On account of loans being reclassified as Non-Performing Assets (NPA) by all lenders, interest has been provided for in the books of accounts at the rates as used for the previous year 31 March 2019 plus the penal interest as applicable for each facility availed by the company.
6. In view of uncertain nature of projects, complex situations, performance issues, deterioration in client relationship, delays in contracts execution, probability of liquidated damages likely to devolve, unsettled or unaccepted claims, BG invocations, arbitrations, pending legal disputes, non-availability of balance confirmation from customers and vendors, penalties levied by various governmental authorities, outcome of the CIRP. etc., there is a high probability of substantial write down in the amount's receivables and other current assets in the subsequent quarters. The management, will assess the situation at the close of each quarter and will give impact of any further impairment, as may be required.
7. Effective 01 April 2019 the company has adopted Ind AS 116 'Leases' under the modified simplified approach without adjustment of comparatives. The standard is applied to contracts



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that remain as at 01 April 2019. The application of the Standard did not have any material impact on the profit for the period ended 31 December 2019.

8. The above Statement of Standalone Unaudited Financial Results for the period ended December 31 2019 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the Accounts Department and supervised by Mr. Ganesh Tawari (CFO) of EMCO Limited). It is pertinent to note that the Resolution Professional made all practicable and reasonable efforts from time to time to facilitate information/data from the officials of the Company in relation to the preparation of the results of the company and also the information required by the auditors for the purpose of carrying out the review of the financial results of the company. It is to be noted that the results up to the period of 30th September 2019 as well as information provided to the auditors for the purpose of review of the same, pertain majorly to the period prior to the appointment of the Resolution Professional and therefore, while facilitating the collection and dissemination of the said information, the Resolution Professional has relied upon and assumed the accuracy/veracity of the data/information provided by the officials of the company, suspended directors, and the records of the company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and present a true and fair view of the position of the company as of the dates and for the period indicated therein. The RP has not personally verified the information provided by the officials of the company and has placed confidence in the data/information provided to him of the previous periods. Accordingly, the Resolution Professional shall be absolved from the accuracy, veracity and sufficiency or completeness of such information. Readers and users of these statements/results are advised to do their due diligence before arriving at any conclusions. The Resolution Professional has signed the Financials results to facilitate the CIRP Process and facilitate the statutory requirements without any liability of the same.
9. In respect of Company's Bank balances & Borrowings from banks and financial institutions balance confirmation as at 31 December 2019 has been received from all the banks except for some Dormant/inactive accounts.
10. As a part of CIRP, creditors of the company were called upon to submit their claims to the RP in terms of the applicable provisions of Insolvency and Bankruptcy Code, 2016. Claims submitted by financial and operational creditors have been verified and admitted by the RP. No accounting impact in the books of account has been made in respect of the excess, short or non-receipt of claims for the financial and operational creditors.
11. **Initiation of Corporate Insolvency Resolution Process (CIRP):**
Jet Roadlines (India) Pvt. Ltd., in its capacity as the operational creditor of EMCO Limited ('EMCOL' or 'Corporate Debtor'), filed an application under Section 9 of the Insolvency and Bankruptcy Code ('IBC'), 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before the Hon'ble Adjudicating Authority, i.e. National Company Law Tribunal, at Mumbai ('Hon'ble NCLT Mumbai') for initiation of Corporate Insolvency Resolution Process ('CIRP') for the Corporate Debtor under the provisions of the Insolvency and Bankruptcy Code 2016. The said Application of Jet Roadlines has since been



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admitted by the Hon'ble NCLT Mumbai vide its order dated 22 July 2019 ("Order") and the CIRP has commenced from the date of the order.

The Hon'ble NCLT Mumbai vide its order dated 22 July 2019 ('CIRP Commencement Order') *inter alia* appointed, Mr. Kedarram Ramratan Laddha having registration number IBBI/IPA-001/TPP00586/2017-18/11115 as the Interim Resolution Professional ("IRP") of the Corporate Debtor to conduct the CIRP and to exercise all powers and subject and carry out all duties as envisaged under the provisions of the IBC.

The Committee of Creditors constituted by the IRP, at its first meeting convened on 16 September 2019, resolved with requisite majority to replace the IRP with Mr. Sundarash Bhat, Insolvency Professional having IBBI registration no. IBBI/IPA-001 /IP-N00077/2017-18/10162 as the Resolution Professional of EMCOL. In accordance with Section 22(b) of IBC, an application for confirmation of Mr. Sundarash Bhat as the RP of EMCOL was filed with the Hon'ble NCLT Mumbai. The Hon'ble NCLT Mumbai vide its order dated 14 October 2019 (written order made available on 11 November 2019) ('RP Confirmation Order'), confirmed the appointment of Mr. Sundarash Bhat as the Resolution Professional of EMCOL.

12. Consolidation:

The Company has not prepared and presented Consolidated Ind AS Statement for the period ended 31 December 2019 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries.

13. Assets

The management is in the processes of testing all its assets like, Property Plant & Equipment, Intangibles, Capital Work in Progress, Capital Advances, Other Investments, Loans and Advances, Indirect Tax receivable and all the other assets like Security Deposit etc. for impairment. Provision for impairment, if any, for any item will be created in the subsequent quarters.

14. Inter Corporate Deposit:

Basis the management assessment, intercorporate deposit amounting to INR 984.40 Lakhs is fully provided for as the probability of recovering this amount is remote.

15. Investments in Subsidiaries:

The management has tested all its investments in subsidiaries for impairment and has impaired the following investment basis the indicators like huge accumulated losses, negative net worth, negative operating cash flow, no revenue generating activities, etc.:

S. No	Name of the Subsidiary	Carrying value of investment as at 1 October 2019 (In Lakhs)	Provision of impairment during the quarter (In Lakhs)	Net Carrying Value of investment in subsidiaries as at 31 December 2019 (In Lakhs)
1.	EMCO Power Limited	537.88	537.88	Nil
2.	EMCO Renewable Energy Limited	5.00	5.00	Nil



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3.	Shekhawati Transmission Services Company Limited	180.01	180.01	Nil
4.	EMCO Infrastructure Limited	5.00	5.00	Nil
5	EMCO Global DMCC	18.48	18.48	Nil
	Total	746.36	746.36	Nil

16. Expected credit loss (ECL) for trade receivables:

The management has assessed all its trade receivables on quantitative parameters like age of the receivables, past default trends, etc. and on the qualitative parameters like the financial health of the customer, sectoral performance, etc. Based on this analysis management has created a provision of INR 32,408.42 Lakhs towards ECL on trade receivables which represents the management estimates of amount receivables:

Particulars	Amount INR in Lakhs
Trade Receivables	36,475.13
Less: Expected Credit Loss (ECL)	(32,408.42)
Net Receivables	4,066.71

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL

17. Deferred tax assets:

Deferred tax assets amounting to INR 26,967.43 Lakhs is written off during the period in the absence of reasonable certainty that future taxable profits will be available against which this asset can be used.

18. MAT credit entitlement:

MAT credit entitlement of INR 501.08 Lakhs is written off during the period as it is not probable that taxable profit will be available during the specified period against which the credit can be utilized.

19. Write off of unbilled revenue (contract asset):

Basis its assessment of unbilled revenue and Lakhs of certainty on collectability of this amount, unbilled revenue to the extent of INR 5,419.85 Lakhs is written off by the management.

20. Solar Plant Sale

For the purpose of setting up the Solar Power plant, Company obtained ECB facility of USD 6.50 million from Axis Bank in 2011. The terms and conditions were reviewed/modified/renewed from time to time. Axis Bank had created charge on assets of Project (Power Plant), whose yearly revenue was in the range of INR 6-8 Crs, to secure due repayment of outstanding dues. Charge was created on all movable fixed assets installed and lying at the power plant and immovable property (Land).



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Company committed default in payment of amount and as a result Company was classified as Non- Performing Asset (NPA) in the books of Bank from April 2018.

Owing to continuous defaults, bank initiated legal action for recovery of its dues against Company and issued demand notice dated 15 January 2019 under SARFAESI Act calling upon the borrower to repay outstanding amount of INR 1,462.45 Lakhs as on 31st December 2018 within a period of 60 days.

Company could not repay the amount within 60 days of notice and hence Bank proceeded with the provisions of the act and put the secured assets for sale through E-Auction Notice dated 28 March 2019 at Reserve price of INR 1,710.00 Lakhs. It was based on the valuation report submitted by BKC Advisors Pvt Ltd. dated 22nd March 2019 which gave the Fair Value of the entire plant at INR 1,962.17 Lakhs, Realisable value at INR 1,710.14 Lakhs and Distress Value at 1,534.11 Lakhs. E-Auction date of assets was kept at 30 April 2019.

E-Auction was conducted on the said date and assets were successfully sold at price of INR 1,715.00 Lakhs as against the book value of INR 3,424.10 Lakhs (Net of Creditors).

Since all assets and liabilities has been transferred in relation to Solar Power Plant, the sale is treated as Slump Sale as per provisions of Income Tax Act, 1961.

As per Ind AS 105, 'Non-current assets held for sale and discontinued operations'

A discontinued operation is a component of an entity that can be distinguished operationally and financially for financial reporting purposes from the rest of the entity and:

- *Represents a separate major line of business or geographical area of operation*
- *Is part of a single coordinated plan to dispose of a separate major line of business or major geographical area of operation*
- *Is a subsidiary acquired exclusively with a view for resale*

Though the plant is a component which can be distinguished separately for operation and financial purposes, the Solar Power Plant cannot be classified as major line of business because it is not a substantial component of the Profit and Loss statement of the Company. This can be further substantiated as the turnover from the Solar Power Plant for the year March 31, 2019 is INR 684.01 Lakhs which is less than 10% of the total turnover (INR 21,300.76 Lakhs) of the Company.

Since Solar Power Plant is not considered as discontinuing operation, disclosures pertaining to Ind AS 105 are not required.

The loss on sale of the Asset INR 1709.10 Lakhs has been shown as an exceptional item on the face of Profit and Loss statement.

21. Employee Provisions:

Employee/workmen dues recorded in the books of accounts are based on the company policy and after considering their attendance and leave records. The accuracy of the amount has not been authenticated and thus it is to be noted that the amount provided might be restated while finalizing books of accounts as on 31 March 2020.



22. Non-Payment of Statutory Dues

The company has not fully paid Statutory dues pertaining to provident fund, ESIC & other material statutory dues relating to employees and workmen who have not been paid their salary and wages up to the reporting period and the impact for such non-compliance in the form of interest and penalty is currently not quantified by the management in the financial results.

23. Inventory:

Stock of Raw Materials & Components, Work-in-progress and Store, Spares and Packing Material as per books of accounts, as on 31 December 2019 was INR 9,808.34 Lakhs. On physical verification of stock conducted by the management during the quarter, stock worth INR 3,463.73 Lakhs was physically present and hence the balance stock of INR 6,344.61 Lakhs is written off in the books of accounts during the quarter ended 31 December 2019. The management is in the process of assessing the net realizable value of inventory physically present and necessary impact of decrease in the value of inventory, if any, will be provided for at the year-end i.e. 31 March 2020.

The management did not conduct physical verification of stock for few locations. The value of stock present at these locations as per the books of accounts is INR 424.70 Lakhs. This stock is currently carried at book value and necessary adjustments in relation to both quantity and valuation will be made at the year-end 31 March 2020, after conducting physical verification of the stock at respective locations.

24. Gratuity and Leave Encashment:

Provisions for post-employment benefits – Gratuity, leave encashment made in the books of account are not in line with Ind AS 19.

Provisions for employee benefits such as Leave Encashment and Gratuity has been provided as per policy of the company i.e. on a proportionate basis of the previous year provision adjusted for movement in head count and increments in salary and the actuarial valuation will be done at the year-end i.e. 31 March 2020.

The management intends to conduct actuarial valuation for the Gratuity and Leave Encashment as on 31 March 2020 in line with the IND AS requirements.

25. Contract Liabilities

Contract liabilities amounting to INR 89.16 Lakhs pertains to the provision created in the earlier years for certain ongoing sub-station projects. Management after assessing has decided to write-back the same.

26. Bank Guarantees

Advance Bank Guarantee invoked during the period is INR 6,321.50 Lakhs. Out of this, INR 311.16 Lakhs is charged to Statement of Profit and Loss, amount of INR 4,693.62 Lakhs has been adjusted against the customer advances and balance amount of INR 1,260.39 Lakhs is retained as receivable based on management assessment of these amounts.



Performance Bank Guarantee invoked during the period is INR 8,137.78 Lakhs. Out of this INR 4,979.76 Lakhs is charged to statement of profit and loss, INR 2,999.38 Lakhs is retained as receivable based on management assessment of these amounts and balance amount of INR 158.64 Lakhs is recovered from the customer.

27. Write off of Trade Receivable pertaining to Bank Guarantee

Basis the assessment of management and lack of certainty on collectability of this amount, trade receivables pertaining to Bank guarantee invoked of INR 499.93 Lakhs have been written off during the period.

28. Employee Stock Option Plan (ESOP)

The Company had granted stock options under the following employee stock option scheme:

30,00,000 Equity Shares are reserved for allotment of equity shares under Employee Stock Option Scheme 2011. During the year Nil Equity Shares have been issued and allotted to the eligible employees against exercise of Options under ESOS 2011.

30,00,000 Equity Shares are reserved for allotment of equity shares under Employee Stock Option Scheme 2015. During the year NIL Equity Shares have been issued and allotted to the eligible employees against exercise of Options under ESOS 2015.

Each option when exercised would be converted into one fully paid-up equity share of ` 2 each of the Company. The options granted under ESOP 2011 and options granted under the ESOP 2015 scheme carry no rights to dividends and no voting rights till the date of exercise.

As of the period end there is no information on the outstanding options remaining to be vested, vested but not exercised and vested and lapsed. The stock option of INR 55.97 Lakhs will be evaluated at the year-end i.e. 31 March 2020.

29. Going Concern:

All the manufacturing activities of all the plants of the Company have been discontinued due to Non availability of funds. Also, since there has been no improvement in the position of the funds it casts material uncertainty about the functionality of all the plants soon.

The Company has accumulated losses of INR 141,397.16 Lakhs and the Company has registered total comprehensive loss of INR 98,300.78 Lakhs during the period ended 31 December 2019 and of INR 33,910.91 Lakhs for the previous year (FY 2018-19) (including provision for finance cost and depreciation).

All the above-mentioned conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the Statement of the Company have been prepared on a going concern basis on the below mentioned grounds



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- a) The RP is working towards a workable resolution plan to resolve financial position with the lenders within the prescribed time limit and to continue its certain projects on sub-contract basis to keep its PQ's, capabilities and brand intact.
- b) The Company has made every endeavour to protect and preserve the value of the property and initiate a resolution process by inviting prospective Resolution applicants without much loss of time which will further enable the investors to start the company without major value deterioration.

30. Contingent Liability

I)	Contingent Liabilities	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
	(to the extent not provided for)				
a)	Bank Guarantees outstanding as at the year-end (gross) – (Secured)	9,556.91	9,556.91	9,556.91	28,787.98
b)	Guarantee for Subsidiary Company*	-	-	-	8,990.15
c)	TDS Defaults**	128.26	128.26	128.26	-
II)	Legal Disputes				
a)	Disputed amount of Sales Tax.	2,304.74	2,304.74	2,304.74	1,710.08
b)	Claim made by workmen for re-instatement. Matter Sub-judice.	Amount not ascertainable	Amount not ascertainable	Amount not ascertainable	Amount not ascertainable
c)	Disputed amount of Income Tax.	19.43	19.43	19.43	19.43
d)	Disputed amount of Excise duty	1,493.91	1,493.91	1,493.91	2,506.77
e)	Disputed amount of Service tax.	193.92	193.92	193.92	193.92
f)	Claims against Company not acknowledged as debt	547.63	547.63	547.63	933.96
	Total	14,244.80	14,244.80	14,244.80	43,142.27

*Corporate guarantee provided for EMCO Overseas Pte Ltd has been invoked due to non-payment of dues by subsidiary and outstanding amount USD 89.24 Lakhs has been claimed by PNB International at the time of submission of claims to Resolution Professional and the same has been accepted by RP. Hence, provision to the extent of USD 89.24 Lakhs has been created in the books, however subsequent interest has not been provided.

**TDS Prosecution notices has been served on the Company u/s 276B/276BB of Income Tax Act, 1961, during the financial year 2019-20 after the Company went in to CIRP (Corporate Insolvency Resolution Process) on account of failure to pay TDS to the Central Government as required under



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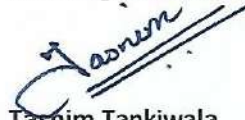
the provisions of Chapter XVII B within stipulated period as prescribed under Income Tax Act, 1961 and IT Act Rules, 1962 for various previous Assessment years.

31. Figures of the previous period have been regrouped and reclassified, wherever required.

For JHS Associates LLP

Chartered Accountants

Firm Reg. No: 133288W/W100099



Tashim Tankiwala

Partner

Membership No: 108263

Date: 05/08/2020

Place: MUMBAI



For EMCO Limited



Ganesh Tawari

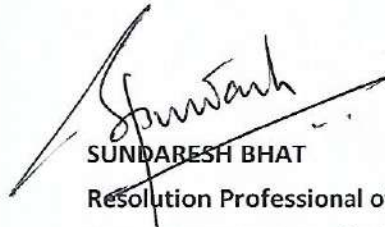
Chief Financial Officer & Company Secretary

ICSI. M. No. A12896



Date: 05/08/2020

Place: Mumbai



SUNDARESH BHAT

Resolution Professional of EMCO Limited (in CIRP)

Communications Email Address: RPEMCO@bdo.in

Website: www.emco.co.in

IBBI Registration no. IBBI/IPA-001/IP P00077/2017-18/10162

IBBI Registered Email: sundareshbhat@bdo.in

IBBI Registered Address: BDO Restructuring Advisory LLP,
Level 9, The Ruby, North West Wing, Senapati Bapat Road,
Dadar (W), Mumbai 400028, INDIA

Insolvency Professional Entity: BDO Restructuring Advisory
LLP, Level 9, The Ruby, North West Wing, Senapati Bapat
Road, Dadar (W), Mumbai 400028, INDIA

Date: 05/08/2020

Place: Mumbai

INDEPENDENT AUDITORS' REVIEW REPORT ON STANDALONE UNAUDITED FINANCIAL RESULTS FOR QUARTER AND PERIOD ENDED 31 DECEMBER 2019 OF EMCO LTD PURSUANT TO REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To the Insolvency Professional
EMCO Ltd.

Introduction

1. We have reviewed the accompanying statement of standalone unaudited financial results of **EMCO LTD ("the Company")**, for the quarter and period ended December 31, 2019 ("**the Statement**"), being submitted by the Company pursuant to requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. The Honorable National Company Law Tribunal, Mumbai ('NCLT') on July 22, 2019 admitted the Corporate Insolvency Resolution Process ('CIRP') application filed against the Company and appointed Mr. Kedarram Ramratan Laddhas the Interim Resolution Professional ('IRP') in terms of the Insolvency and Bankruptcy Code, 2016 ('the Code'). Further, the committee of creditors constituted during the CIRP in its first meeting held on September 16, 2019, has appointed Mr. Sundaresh Bhat as the RP to manage the affairs of the Company. In accordance with Section 22(b) of IBC, an application for confirmation of Mr. Sundaresh Bhat as the RP of Company was filed with the Hon'ble NCLT Mumbai. The Hon'ble NCLT Mumbai vide its order dated 14 October 2019 (written order made available on 11 November 2019) ('RP Confirmation Order'), confirmed the appointment of Mr. Sundaresh Bhat as the Resolution Professional of Company. In view, of the pendency of the CIRP, the power and responsibilities of the Board of Directors shall vest with the RP under the provision of the Code.
3. This statement is the responsibility of the Company's Management and have been endorsed by the Chief Financial Officer, confirming that financial results do not contain any material misstatements and thereafter provided to the Resolution Professional for his signing on 05 August 2020 and for further filing with stock exchanges; has been prepared with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" – ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial results based on our review.
4. For the purpose of this review, we have relied upon the standalone financial results provided to us by the RP. It is noteworthy that the RP has inserted a note, as part of notes to accounts, set out in Note No. 8, as per which he has assumed that the data/ information provided by the officials of the Company and the records of the Company made available to him are in conformity with the applicable laws and present a true and fair view of the position of the Company and has not personally verified such information; and that he should be absolved from the accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the Company basis which the standalone financial results have been prepared. As per the said note, the RP has signed the standalone unaudited financial results only to facilitate the CIRP process without any liability of the same. To the extent the RP has disclaimed his liability with respect to accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the Company, the standalone unaudited financial results may suffer from issues of accuracy, veracity, sufficiency, completeness or reliability. [Relevant observations upon the extent of veracity of the

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standalone unaudited financial results have been made in the below paragraphs 6 & 7 of this Section.]

Scope of Review

5. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Engagements to "Review of Interim Financial Information performed by Independent Auditor of the entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis for Qualified Opinion

6. Statutory dues pertaining to employees and workmen other than those employees whose cost is treated as CIRP cost is not discharged by the company. Further the impact for such non-compliance in the form of interest and penalty is currently not quantified by the company and hence we are not able to comment on the financial implication of these delays in payment of statutory dues. Refer note No. 22 of the standalone unaudited financial results.
7. We have been appointed as the Statutory Auditors of the Company vide resolution dated 08 January 2020 of the Committee of Creditors ('COC') meeting and thus could not observe the counting of physical inventories during the quarter ended December 2019.

The management did not conduct physical verification of stock for few locations. The value of stock present at these locations as per the books of accounts is INR 424.70 Lakhs. This stock is currently carried at book value and necessary adjustments in relation to both quantity and valuation will be made at the year-end 31 March 2020, after conducting physical verification of the stock at respective locations.

Basis the physical verification conducted by the management for the stock of raw material, work in process, finished goods, stores, spares and packing material, an amount of Rs 7,697.28 has been written off on account of stock physically not present. The management is in the process of assessing the value of stock physically present and has not given any impact of decrease in valuation of existing stock in the standalone unaudited financial results. As a result we are unable to comment on carrying value of inventory in the standalone unaudited financial results. Refer note No. 23 of the standalone unaudited financial results.

Qualified Conclusion:

Based on our review conducted as above, *except for the effects/possible effects of our observation stated in para 6 & 7 above (including the non-quantification for the reasons stated therein)*, nothing has come to our attention that causes us to believe that the standalone unaudited financial results prepared in all material respects in accordance with the applicable Indian Accounting Standards prescribed under section 133 of Companies Act 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies generally

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accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 Of the SEBI (Listing and Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with SEBI Circular No. CIR/CFD/CMD/44/2019 dated March 29.2019.

Emphasis Matter

We draw attention to the following matters in the standalone unaudited financial results:

8. Going Concern:

Management has prepared the standalone unaudited financial results on a going concern basis on the grounds stated in Note 29 of the standalone unaudited financial results in spite of following facts and circumstances:

- i. The Company has incurred total comprehensive loss of INR 98,300.78 Lakhs during the period and the previous year of INR 33,910.91 Lakhs
- ii. The operating cash flows have turned negative during the period end.
- iii. The Company's current liabilities have exceeded its current assets as at the balance sheet date by INR 130,483.79 Lakhs.
- iv. National Company Law Tribunal has admitted petition for insolvency proceedings initiated by the Financial and other Creditors against the Company

9. The Company has not prepared and presented condensed consolidated financial results for the period ended 31 December 2019 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries and associates. Refer note No. 12 of the standalone unaudited financial results.

10. Employee/workmen dues booked in the books of accounts are based on the company policy and after considering their attendance and leave records. The accuracy of the amount has not been authenticated and the amount provided might be restated at the year-end i.e. 31 March 2020. Refer note No. 21 of the standalone unaudited financial results.

11. The amount payable to financial creditors, operational creditors including governmental authorities, workmen and employees up to the date of initiation of CIRP is not reinstated based on the claim received from the respective creditors considering the pendency of the resolution process under the Insolvency and Bankruptcy Code. Refer note No. 10 of the standalone unaudited financial results.

12. Loans and advances to the extent of Rs. 984 Lakhs is provided during the period and the balance is stated at book value and the expected credit loss, if any, on this balance amount will be assessed by the management at the year-end 31 March 2020. Refer note No. 13 & 14 of the standalone unaudited financial results.

13. Company has written off deferred tax asset to the extent of INR 26,967.43 Lakhs in the absence of reasonable certainty on future taxable profits for utilization of this asset. Further, the company has also written off MAT credit entitlement to the extent of INR 501.08 Lakhs as it is not probable that taxable profits will be available during the specified period against which this credit can be utilized. Refer note No. 17 & 18 of the standalone unaudited financial results.



14. Interest on outstanding dues of banks & financial institutions have been provided at the rates used in previous year March 31, 2019 plus the penal interest applicable for each facility availed by the company. Refer note No. 5 of the standalone unaudited financial results.
- 15. Impairment of Investments**
The management, basis the assessment of the investment in its group companies has impaired investment amounting to INR 746.36 Lakhs. The carrying value of investment in group companies post this impairment provision is INR 9,190.93 Lakhs, which represent the amount recoverable as per the management.
Company's investments in other than group companies has not been tested for any impairment losses for the period ended 31 December 2019 and will be done at the year-end 31 March 2020. Refer note No. 15 of the standalone unaudited financial results.
16. The management has tested its trade receivable for any expected credit loss as per Ind AS 109 and has made an additional provision of INR 32,408.42 Lakhs towards life time ECL. Refer note No. 16 of the standalone unaudited financial results.
17. Basis the management assessment, unbilled revenue amounting to INR 5,419.85 Lakhs has been written off during the period due to lack of certainty on collectability of the amount. Refer note No. 19 of the standalone unaudited financial results.
- 18. Sale of Solar power plant**
During the period, Solar Photovoltaic Grid Interactive Power Plant of 5MW capacity (Secured Asset) located in the state of Gujarat was sold by the lender owing to continuous defaults committed by Company on the ECB facility availed for setting up the plant.

Bank initiated legal action for recovery of its dues against Company and issued demand notice under SARFAESI Act calling upon the borrower to repay outstanding amount. Due to failure to pay outstanding dues, Bank put secured asset for sale and asset was sold at consideration of INR 1,715.00 Lakhs. As the secured assets was sold as a single unit i.e. all undisputed assets & liabilities pertaining to power plant were transferred to the purchaser, the transaction has been treated as slump sale.

Loss on sale of plant amounting to INR 1709.10 Lakhs is reported as an exceptional item in the Statement of Profit & Loss. Refer note No. 20 of the standalone unaudited financial results.
19. Outstanding Stock Option of INR 55.97 Lakhs will be evaluated by the management at the year end. Refer note No. 28 of the standalone unaudited financial results.
20. The company has not tested its assets including Property Plant and Equipment, Intangibles, Capital Work in Progress, Capital advances and other assets like security deposits, earnest money deposits, etc. for any impairment losses for the period ended 31 December 2019. Refer note No. 13 of the standalone unaudited financial results.
21. Receivables from governmental authorities is currently not evaluated for its recoverability as this assessment will be done by the management at the year end. Refer note No. 13 of the standalone unaudited financial results.



22. In view of uncertain nature of projects, complex situations, performance issues, deterioration in client relationship, delays in contracts execution, probability of liquidated damages likely to devolve, unsettled or unaccepted claims, BG invocations, arbitrations, pending legal disputes, non-availability of balance confirmation from customers & vendors, penalties levied by various governmental authorities, outcome of the CIRP. etc., there is a high probability of substantial write down in the amount's receivables & other current assets in the subsequent quarters. The management, will assess the situation at the close of each quarter & will give impact of any further impairment, as may be required. Refer note No. 6 of the standalone unaudited financial results.

23. Bank Guarantee (BG) in the nature of Performance BG and Advance BG has been invoked by customers during the period ended 31 December 2019.

Advance Bank Guarantee invoked during the period is INR 6,321.50 Lakhs. Out of this, INR 311.16 Lakhs is charged to Statement of Profit and Loss, amount of INR 4,693.62 Lakhs has been adjusted against the customer advances and balance amount of INR 1,260.39 Lakhs is retained as receivable based on management assessment of these amounts.

Performance Bank Guarantee invoked during the period is INR 8,137.78 Lakhs. Out of this INR 4,979.76 Lakhs is charged to statement of profit and loss, INR 2,999.38 Lakhs is retained as receivable based on management assessment of these amounts and balance amount of INR 158.64 Lakhs is recovered from the customer. Refer note No. 26 of the standalone unaudited financial results.

24. Opening Balances

The financial statements of the Company for the corresponding year ended March 31, 2019 were audited by the predecessor Statutory Auditor, M/S. Chaturvedi & Shah LLP, who expressed unmodified opinion vide their report dated May 30, 2019 and reliance has been placed by us on the same for the purpose of this report. We have been appointed as the Statutory Auditors of the Company vide resolution dated January 8, 2020 of the Committee of Creditors ('COC') meeting. We have performed our audit on the basis of books of accounts and other relevant records produced before us after the date of our appointment and on the basis of explanation and information provided to us by the Company and are not responsible for any events that occurred prior to our appointment.

For JHS Associates LLP
Chartered Accountants
Firm Registration No: 133288W / W100099


Tasnim Tankiwala
Partner
Membership No: 108263



Date: 05/08/2020

Place: Mumbai

UDIN: 20108263AAAAA H 7760